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This announcement and the listing document attached hereto are for information purposes only and do not constitute an invitation or offer to acquire, purchase or subscribe for securities.

*The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or other jurisdiction and the securities may not be offered, sold or delivered into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.*

*This announcement and the listing document attached hereto have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document attached hereto) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document attached hereto shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).*

***Notice to Hong Kong investors:** The Issuer 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 Stock Exchange of Hong Kong Limited) only and are listed on the SEHK 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.*



中升集團控股有限公司
Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 881)

(the “Issuer”)

PUBLICATION OF OFFERING CIRCULAR

U.S.\$600,000,000 5.98 per cent. Bonds due January 2028 (the “Bonds”)
(Stock Code: 5138)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs (Asia) L.L.C.

MUFG

Mizuho

HSBC

J.P. Morgan

Morgan Stanley

China CITIC Bank International

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 30 July 2024 published by the Issuer.

The offering circular dated 23 July 2024 in relation to the Bonds is appended to this announcement.

By Order of the Board of
Zhongsheng Group Holdings Limited
Huang Yi
Chairman

Hong Kong, 31 July 2024

As at the date of this announcement, the executive directors of the Issuer are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Zhang Zhicheng, Mr. Tang Xianfeng, Ms. Yu Ning and Ms. Zhou Xin; the non-executive directors of the Issuer are Mr. Chan Ho Yin and Mr. Sun Yanjun; and the independent non-executive directors of the Issuer are Mr. Shen Jinjun, Mr. Ying Wei, Mr. Chin Siu Wa Alfred and Mr. Li Yanwei.

Appendix 1 — Offering Circular

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

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

Confirmation of Your Representation: This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited as Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers (each, a “Joint Lead Manager”, together the “Joint Lead Managers”) that (1) you and any customers you represent you are outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Joint Lead Managers nor any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls the Joint Lead Managers or their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

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

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — 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, “EU 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 EU MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “EU 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 EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — 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. 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 of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (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 of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law of the United Kingdom 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.

UK MiFIR product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (“UK MiFIR”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

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

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ZHONGSHENG GROUP HOLDINGS LIMITED
中升集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 881)

U.S.\$600,000,000 5.98 per cent. Bonds due January 2028
Issue Price: 99.135 per cent.

The U.S.\$600,000,000 aggregate principal amount of 5.98 per cent. Bonds due January 2028 (the “**Bonds**”) will be issued by Zhongsheng Group Holdings Limited 中升集團控股有限公司 (the “**Issuer**”, the “**Company**” or “**we**”).

The Bonds will bear interest from 30 July 2024 at the rate of 5.98 per cent. per annum payable semi-annually in arrear in equal instalments on the Interest Payment Dates (as defined in “*Terms and Conditions of the Bonds*”) falling on 30 January and 30 July in each year, commencing on 30 January 2025.

The Bonds will constitute direct, unconditional, unsubordinated and, subject to Condition 4 of the Terms and Conditions of the Bonds (the “**Terms and Conditions**” or the “**Conditions**”), 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 of the Terms and Conditions, at all times rank at least equally with all of the Issuer’s other present and future unsecured and unsubordinated obligations.

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long- Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the “**NDRC Administrative Measures**”) issued by the NDRC and effective from 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith issued by the NDRC from time to time, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 6 March 2024, evidencing such registration which, at the date of this Offering Circular, remains valid and in full force and effect. The Issuer intends to submit or cause to be submitted the NDRC the requisite information and documents pursuant to the NDRC Administrative Measures, including but not limited to, filing with the NDRC the offering information and issue details of the Bonds within the prescribed timeframe after the Issue Date and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 30 January 2028 (the “**Maturity Date**”), subject as provided in Condition 6 (*Payments*) of the Terms and Conditions of the Bonds. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of (i) any jurisdiction where the Company is organised or otherwise considered by a taxing authority to be resident for tax purposes or any political organisation or governmental authority thereof or therein having power to tax or (ii) Hong Kong, or any political organisation or governmental authority thereof or therein having power to tax. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*”. Furthermore, at any time following the occurrence of a Change of Control (as defined in “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for a Change of Control Triggering Event*”), the holder of any Bond (the “**Bondholder**” or “**holder**”) will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Bonds on the Change of Control Redemption Date (as defined in “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for a Change of Control Triggering Event*”) at 101 per cent. of their principal amount. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for a Change of Control Triggering Event*”.

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time prior to 30 December 2027, on giving not less than 15 business days’ (as defined in the Terms and Conditions) nor more than 60 days’ notice to the Bondholders (the “**Option Redemption Notice**”) (which notice shall be irrevocable) at the Make Whole Price (as defined in the Terms and Conditions of the Bonds) as of, and together with interest accrued to (but excluding), the redemption date specified in the Option Redemption Notice. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Make-whole Redemption*”. Furthermore, the Bonds may be redeemed at the option of the Company in whole, but not in part, on 30 December 2027, on giving not less than 15 business days’ nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at 100 per cent. of their principal amount, and together with interest accrued to (but excluding) such date). See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption at the Option of the Company*”.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This document is for distribution to Professional Investors only.

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

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Group (as defined below) 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.

Investing in the Bonds involves certain risks. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. You are advised to read and understand the contents of this Offering Circular before investing. If in doubt, you should consult your advisor.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States.

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds are expected to be assigned a rating of “**BBB**” by S&P Global Ratings (“**S&P**”). The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by S&P. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Bonds will be represented by beneficial interests in a global bond certificate (the “**Global Bond Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about 30 July 2024 (the “**Issue Date**”), with a common depository for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Bond Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Bond Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Goldman Sachs (Asia) L.L.C.

HSBC

Morgan Stanley

MUFG

Mizuho

J.P. Morgan

China CITIC Bank International

Offering Circular dated 23 July 2024

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the “**Group**”) and the Bonds, which is material in the context of the issue and offering of the Bonds, (ii) the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect, (v) all reasonable enquiries have been made by the Issuer to ascertain such fact necessary in order to make the statements in this Offering Circular, in the light of the circumstances under which they were made, not misleading, and (vi) this Offering Circular as at the date hereof does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading. This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents (in each case as defined herein). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The Issuer has submitted this Offering Circular confidentially to a limited number of institutional investors so that they can consider a purchase of the Bonds. The Issuer has not authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates has independently verified the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. Accordingly, no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer and other members of the Group and the terms of the offering, including the merits and risks involved. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

IN CONNECTION WITH THE ISSUE OF THE BONDS, THE JOINT LEAD MANAGERS (IF ANY) ACTING AS STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER), PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE ACTING IN SUCH CAPACITY, MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE

CONDUCTED BY THE RELEVANT STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — 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, “**EU 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 EU MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**EU 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 EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — 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. 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 of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (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 of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law of the United Kingdom 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.

UK MiFIR product governance/Professional investors and ECPs only target market — Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are “capital market intermediaries” (“**CMI**s”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMI s, which require the attention and cooperation of prospective investors. Certain CMI s may also be acting as “overall coordinators” (“**OC**s”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMI s). If a prospective investor is an asset management arm affiliated with any relevant Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMI s in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMI s (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and

consented to the collection, disclosure, use and transfer of such information by the relevant Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Investor Data

By virtue of making an investment in the Issuer and your associated interactions with us (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of you otherwise providing us with personal information on individuals connected with you as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), you will provide us with certain personal information which constitutes personal data within the meaning of the Data Protection Act (As Revised) of the Cayman Islands (the “**Data Protection Legislation**”) (“**Investor Data**”). We may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to you and/or any individuals connected with you as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to your investment activity.

In our use of Investor Data, the Issuer will be characterised as a “data controller” for the purposes of the Data Protection Legislation. The Issuer’s affiliates and delegates may act as “data processors” for the purposes of the Data Protection Legislation.

Who this Affects

If you are a natural person, this will affect you directly. If you are a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides us with Investor Data on individuals connected to you for any reason in relation to your investment with us, this will be relevant for those individuals and you should transmit this document to such individuals or otherwise advise them of its content.

How We May Use Your Personal Data

The Issuer, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

- (i) where this is necessary for the performance of our rights and obligations under the Subscription Agreement, purchase agreement or
- (ii) where this is necessary for compliance with a legal and regulatory obligation to which the Issuer is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or
- (iii) where this is necessary for the purposes of our legitimate interests and such interests are not overridden by your interests, fundamental rights or freedoms.

Additionally, the administrator of the Issuer may use Investor Data, for example to provide its services to the Issuer or to discharge the legal or regulatory requirements that apply directly to it or in respect of which the Issuer relies upon the administrator, but such use of Investor Data by the administrator will always be compatible with at least one of the aforementioned purposes for which we process Investor Data.

Should we wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires your consent), we will contact you.

Why We May Transfer Your Personal Data

In certain circumstances we and/or our authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to your interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

We anticipate disclosing Investor Data to the Administrator and others who provide services to the Issuer and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area). Such service providers may either process your personal data on our behalf or for their own lawful purposes in connection with services provided to the Issuer.

The Data Protection Measures We Take

Any transfer of Investor Data by us or our duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the Data Protection Legislation.

We and our duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

We shall notify you of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either you or those data subjects to whom the relevant Investor Data relates.

If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Bonds or to redeem the Bonds. We have published a privacy notice (the “**Data Privacy Notice**”), which provides prospective investors with further information on our use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the “General Information” Section of this Offering Circular.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular incorporates by reference the audited consolidated financial statements of the Group as at and for the years ended 31 December 2022 and 2023 (the “**Audited Financial Information**”). The Audited Financial Information have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and audited by the Group’s independent certified public accountants, Ernst & Young.

Unless specified as “original” numbers, financial information as at and for the year ended 31 December 2022 used in this Offering Circular derives from the Group’s consolidated financial statements for the year ended 31 December 2023 (which has been restated).

PRESENTATION OF INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents makes any representation as to the accuracy of that information.

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CERTAIN DEFINED TERMS AND CONVENTIONS

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. When we use the term “we”, “us”, “our” and words of similar import, we are referring to Zhongsheng Group Holdings Limited 中升集團控股有限公司 and its consolidated subsidiaries, unless the context indicates otherwise.

In this Offering Circular, references to:

“**CAGR**” are to compound annual growth rate;

“**China**” or the “**PRC**” are to the People’s Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, the Hong Kong Special Administrative Region and the Macao Special Administrative Region;

“**Director(s)**” are to the director(s) of the Company;

“**Group**” are to the Company and its subsidiaries from time to time;

“**HK\$**”, “**HKD**” or “**Hong Kong dollar(s)**” are to Hong Kong dollars, the lawful currency of Hong Kong;

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

“**M&A Rules**” are to the Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) jointly promulgated by MOFCOM, the China Securities Regulatory Commission, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the State Administration for Industry and Commerce and SAFE on 8 August 2006, which became effective on 8 September 2006, as amended on 22 June 2009;

“**Memorandum and Articles of Association**” are to the memorandum and articles of association of the Company (as amended from time to time);

“**Ministry of Transport**” are to the PRC Ministry of Transport;

“**MOFCOM**” are to the PRC Ministry of Commerce;

“**Offering Circular**” are to this offering circular dated 23 July 2024 in relation to the Bonds issue;

“**PBOC**” are to the People’s Bank of China;

“**Regulation S**” are to Regulation S under the U.S. Securities Act of 1933, as amended;

“**RMB**” or “**Renminbi**” are to the legal currency of China;

“**SAIC**” are to the State Administration for Industry and Commerce of the PRC;

“**SAFE**” are to the PRC State Administration of Foreign Exchange;

“**State Council**” are to the State Council of the PRC;

“**U.S.\$**” or “**U.S. dollar(s)**” are to the legal currency of the United States;

“**%**” are to per cent.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this Offering Circular in connection with the Group and our business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

- “4S dealership”** means an automobile dealership authorised by an automobile manufacturer to engage in the four businesses relating to sales, spare parts, service and survey.
- “after-sales services”** . . . means automobile-related services consisting primarily of repair and maintenance services, detailing services and the sale of spare parts and automobile accessories provided after the sale of a passenger vehicle.
- “automobile manufacturer”** means the manufacturer of one or more brands of passenger vehicles and other types of automobiles, including the foreign manufacturer of imported vehicles or its affiliates in China, the Sino-foreign joint-venture manufacturer of locally manufactured vehicles, or the PRC manufacturer of Chinese brand vehicles.
- “CAAM”** means China Association of Automobile Manufacturers.
- “CADA”** means China Automobile Dealers Association.
- “ERP system”** means an enterprise resource planning system that integrates, processes and manages management information across the business units of a company.
- “passenger vehicle”** . . . means an automobile designed and used primarily for the carriage of passengers other than for commercial purposes.

FORWARD-LOOKING STATEMENTS

The Issuer has included forward-looking statements in this Offering Circular regarding, among other things, the Group's financial condition, future expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations about future events. Although the Issuer believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to known and unknown risks, uncertainties, assumptions and other factors, including, among other things:

- general economic, political conditions and regulatory developments including those related to the automobile industry and the PRC;
- the business strategy and plan of operation;
- fluctuations in foreign currency exchange rates; and
- those other risks identified in the "Risk Factors" section of this Offering Circular.

The words "anticipate", "believe", "estimate", "expect", "intend", "plan", "target" and similar expressions are intended to identify a number of these forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Group's actual results could differ materially from those anticipated in these forward-looking statements.

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

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

INCORPORATION BY REFERENCE

The following documents filed with the Hong Kong Stock Exchange, which are published on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>), are deemed to be incorporated by reference into, and to form part of, this Offering Circular:

- (a) the Group's Audited Financial Information, which have been prepared in accordance with HKFRS issued by the HKICPA; and
- (b) the auditor's reports in respect of the Audited Financial Information.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer and the Group, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another incorporated document herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The documents incorporated herein by reference are available electronically on the website of the Hong Kong Stock Exchange. For the avoidance of doubt, the other content of the website of the Hong Kong Stock Exchange does not form part of this Offering Circular.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision.

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this Summary. Prospective investors should therefore read this Offering Circular in its entirety.

OVERVIEW

We are a leading national automobile dealership group in China focusing on luxury and mid-to-high end brands. Our 4S dealerships are concentrated in cities with relatively high net worth populations in China. We have grown rapidly from 178 operating 4S dealerships located across nearly 70 cities and 16 provinces at the beginning of 2014 to 420 4S dealerships in operation in 25 provincial regions, covering 110 cities as at 31 December 2023. The Group was ranked second, first and first among the list of Top 100 Automobile Dealers in China in terms of revenue in 2021, 2022 and 2023, respectively, in the PRC.

We have dealership agreements with a variety of automobile manufacturers to operate our 4S dealerships for a diversified portfolio of automobile brands, including luxury brands such as Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche and Volvo, and mid-to-high end automobile brands such as Toyota, Nissan and Honda. Each of our 4S dealerships is designated to sell one brand of automobile and typically only permitted to operate at a single point of sale. In 2023, we achieved a new automobile sales volume of 501,570 units, 304,782 of which are for luxury brands that accounted for 60.8% of our total sales volume. With the continuous optimisation of our product structure, the proportion of luxury brands in new automobile sales volume showed a continuous increase from 2021 to 2023, with luxury brands accounting for 56.7%, 59.1% and 60.8% of new automobile sales volume in 2021, 2022 and 2023 respectively.

Through our auto services, we offer a comprehensive range of new automobiles, pre-owned automobiles, after-sales products and services as well as a wide array of services in connection with insurance and auto finance in our 4S dealerships to our customers. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. Each of the new automobile sales business, pre-owned automobiles business and after-sales businesses has its own features in terms of business model and revenue and profitability contributions to the Group.

Our revenue for the three years ended 31 December 2021, 2022 and 2023 was RMB175,103.1 million, RMB179,857.0 million and RMB179,290.1 million, respectively, representing a CAGR of approximately 1.2% during such periods. Revenue generated from the sales of new automobiles accounted for approximately 81.4%, 80.9% and 78.2% of our total revenue for the three years ended 31 December 2021, 2022 and 2023, the revenue generated from pre-owned automobiles sales accounted for approximately 4.6%, 5.5% and 7.8%, respectively, of our revenue during the same periods, and the revenue generated from after-sales businesses accounted for approximately 14.0%, 13.7% and 14.0%, respectively, of our revenue during the same periods. The gross profit margin of our sales of new automobiles was 4.4%, 2.7% and 0.8%; the gross profit margin of our sales of pre-owned automobiles sales was 6.0%, 5.2% and 6.7% and the gross profit margin of our after-sales businesses was 48.1%, 47.1% and 46.9% during the same periods, respectively. Our profit

attributable to owners of the parent for the three years ended 31 December 2021, 2022 and 2023 was RMB8,329.0 million, RMB6,635.2 million and RMB5,018.1 million, respectively, representing a CAGR of approximately –22.4% during such periods. According to the Hong Kong Stock Exchange, as at 31 December 2023, our market capitalisation was approximately HK\$44.6 billion.

As a leading national automobile dealership group in the PRC, we believe that as a result of our strong portfolio of luxury and mid-to-high end automobile brands, we are well-placed to benefit from the industrial upgrades of new energy vehicles, the steady recovery of the macroeconomics of the PRC and favourable policies of the PRC government, which will help us further consolidate our market leadership position, and to achieve our strategic vision to “become the most trusted auto service brand for premium consumers in China”.

OUR COMPETITIVE STRENGTHS

We believe that our success and potential for future growth can be attributed to a combination of our competitive strengths described below:

- We are an industry-leading national automobile dealership group with continuous focus on luxury brands and core cities, enabling strong business resilience;
- We are a well-known local automotive service brand, creating cross-brand operations and local market centralisation to improve efficiency, achieve full brand coverage and enhance customer loyalty;
- Our large-scale operations allow us to achieve economies of scale from the human resources, business and financial perspectives;
- We have diversified and sustainable sources of funds and a track record of strong financing capabilities;
- We have efficient information technology systems to support our business; and
- We have an experienced senior management team, a deep bench of high-calibre store managers, and access to reliable source of skilled technical personnel.

OUR STRATEGIES

Our new strategic vision is “to become the most trusted auto service brand for premium consumers in China”. To realise our vision, we intend to focus on following business strategies:

- Implementation of our “big platform strategy”;
- Building Zhongsheng as a household name for local auto services and making our operations more brand agnostic and more centralised/consolidated at the local market level;
- Establishing centralised Zhongsheng-branded collision centres to create synergy between our major business segments;

RECENT DEVELOPMENTS

Concurrent Tender Offer

On 22 July 2024, the Company commenced a concurrent tender offer (the “**Tender Offer**”) to purchase for cash an aggregate principal amount of its outstanding 3.0 per cent. Bonds due 2026 (ISIN: XS2278364075, Common Code: 227836407) (“**2026 Bonds**”) up to the amount to be determined and announced by the Company as soon as reasonably practical after the Expiration Deadline (as defined below) or such other date in the Company’s sole discretion, which in any case will not be greater than the aggregate principal amount of the New Bonds (the “**Maximum Acceptance Amount**”). The Company reserves the right, in its sole discretion, to accept significantly less than the Maximum Acceptance Amount, or to accept none of such 2026 Bonds, for purchase pursuant to the Tender Offer), upon the terms and conditions set forth in the separate tender offer memorandum dated 22 July 2024 (the “**Tender Offer Memorandum**”). The Tender Offer commenced on 22 July 2024 and will expire at 4:00 p.m. (London time)/11:00 p.m. (Hong Kong time) on 29 July 2024 (the “**Expiration Deadline**”) unless extended, re-opened, amended and/or terminated by the Company as provided in the Tender Offer Memorandum. The purpose of the Tender Offer is being made as part of the Company’s commitment to actively manage its balance sheet liabilities and optimise its debt structure.

The net proceeds from the issue of the Bonds after deduction of commission and expenses will be used for refinancing existing offshore indebtedness (including without limitation, for funding the purchase of the 2026 Bonds tendered pursuant to the Tender Offer). See “*Use of Proceeds*”.

The Tender Offer is being made only pursuant and subject to the terms conditions of the Tender Offer Memorandum. This Offering Circular does not constitute an offer to buy or a solicitation of an offer to sell any securities.

SUMMARY OF THE OFFERING

The following summary does not purport to be complete and should be read in conjunction with Conditions. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to “Terms and Conditions of the Bonds”. Terms used in this summary and not otherwise defined shall have the meanings given to them in the “Terms and Conditions of the Bonds”.

“ Issuer ”	Zhongsheng Group Holdings Limited 中升集團控股有限公司 (the “ Company ”).
“ Issue ”	U.S.\$600,000,000 in aggregate principal amount of 5.98 per cent. bonds due January 2028.
“ Issue Price ”	99.135 per cent. of the principal amount of the Bonds.
“ Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers ”	Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited.
“ Issue Date ”	30 July 2024.
“ Maturity Date ”	30 January 2028.
“ Form and Denomination ”	The Bonds will be issued in registered form in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
“ Status of the Bonds ”	The Bonds when issued will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds) unsecured obligations of the Company and will at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds will, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4 (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds, at all times rank at least equally with all of the Company’s other present and future unsecured and unsubordinated obligations.

“Negative Pledge” So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall not, and the Company shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness (as defined in the Terms and Conditions) or Guarantee of Relevant Indebtedness (as defined in the Terms and Conditions) without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith or (b) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

“NDRC Post-issue Filing” The Company will undertake to submit or cause to be submitted the requisite information and documents to the NDRC pursuant to the NDRC Administrative Measures issued by the NDRC and effective from 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith issued by the NDRC from time to time, including but not limited to, filing with the NDRC the offering information and issue details of the Bonds within ten PRC Business Days after the Issue Date, and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

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

“Redemption for Taxation Reasons” . . At any time the Issuer may, on giving not less than 15 business days’ nor more than 60 days’ notice (a **“Tax Redemption Notice”**) to the Bondholders (which notice shall be irrevocable) redeem the Bonds in whole but not in part at 100 per cent. of their principal amount and together with interest accrued to (but excluding), the redemption date if (i) the Company has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations or rulings (including a holding by a court of competent jurisdiction) of any Relevant Tax Jurisdiction (as defined in the Terms and Conditions), or any change in the general application or official interpretation of or the standing of an official position with respect to, such laws, regulations or rulings, which change or amendment becomes effective, or official position is announced, on or after 23 July 2024 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

“Redemption for Change of Control Triggering Event”	Bondholders have the right to require the Company to redeem all or some only (subject to the principal amount of such Bondholder’s Bonds redeemed and the principal amount of the balance of such Bondholder’s Bonds not being an Authorised Denomination (as defined in the Terms and Conditions)) of such Bondholder’s Bonds on the Change of Control Redemption Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount and together with interest accrued to (but excluding), the Change of Control Redemption Date upon the occurrence of a Change of Control.
“Make-whole Redemption”	The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time prior to 30 December 2027, on giving not less than 15 business days’ nor more than 60 days’ notice to the Bondholders (the “Option Redemption Notice”) (which notice shall be irrevocable) at the Make Whole Price (as defined in the Terms and Conditions) as of, and together with interest accrued to (but excluding), the redemption date specified in the Option Redemption Notice.
“Redemption at the Option of the Company”	The Bonds may be redeemed at the option of the Company in whole, but not in part, on 30 December 2027, on giving not less than 15 business days’ nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at 100 per cent. of their principal amount, and together with interest accrued to (but excluding) such date.
“Events of Default” . . .	For a description of certain events of default that will permit the Bonds to become immediately due and repayable at their principal amount together with accrued interest without further action or formality, see <i>“Terms and Conditions of the Bonds — Events of Default”</i> .
“Clearing Systems” . . .	The Bonds will be represented by beneficial interests in the Global Bond Certificate, which will be registered in the name of a nominee of, and deposited on or about 30 July 2024 with a common depository for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Bond 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 Bond Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Bond Certificate.
“Governing Law”	English law.
“Trustee”	The Bank of New York Mellon, London Branch.
“Principal Paying Agent”	The Bank of New York Mellon, London Branch.

“Registrar and Transfer Agent”	The Bank of New York Mellon SA/NV, Dublin Branch.
“Listing”	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
“Rating”	The Bonds are expected to be assigned a rating of “BBB” by S&P. Such rating of the Bonds does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time by the rating agency.
“Use of Proceeds”	See “ <i>Use of Proceeds</i> ”.
“Selling Restrictions”	There are certain restrictions on the offer, sale and transfer of the Bonds in certain jurisdictions including the United States and Hong Kong. For a description of the restrictions on the distribution of this Offering Circular or any offering material and the issue, sale or delivery of the Bonds, see “ <i>Selling Restrictions</i> ”.
“ISIN”	XS2867272630.
“Common Code”	286727263.
“Legal Entity Identifier”	3003005VYMEBAJNJ2Y26.

SUMMARY FINANCIAL INFORMATION

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

The summary consolidated financial information as at and for the years ended 31 December 2021, 2022 and 2023 set forth below is extracted from the Group's consolidated financial statements for the years ended 31 December 2022 and 2023 (incorporated by reference into this Offering Circular). The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, such published Audited Financial Information and the notes thereto. The Audited Financial Information of the Group have been prepared in accordance with HKFRS and audited by the Group's auditor, Ernst & Young, certified public accountants, Hong Kong. Historical results are not necessarily indicative of results that may be achieved in any future period. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operation of the Group.

With effect from 1 January 2023, the Group adopted Hong Kong Accounting Standards ("HKAS") 12 under which the Group was required to adjust certain amounts recognised in the Group's audited consolidated financial statements. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The comparative data has been restated based on the retrospectively adjusted financial reports. Please refer to Note 2.2 (Changes in accounting policies and disclosures) of the consolidated financial statements of the Group for the year ended 31 December 2023 for the effects of the adoption of HKAS 12.

The Group's financial information as at and for the year ended 31 December 2022 was restated in the consolidated financial statements of the Group for the years ended 31 December 2023 and may not be directly comparable against the consolidated financial statements of the Group for the year ended 31 December 2022. Investors must therefore exercise caution when making comparisons of any financial figures prior to 31 December 2022 against the financial figures on or after 31 December 2022 and when evaluating the Group's financial position and results of operations.

Summary of Financial Results

Consolidated Statement of Profit or Loss

	Year ended 31 December			2023
	2021	2022 (original)	2022 (restated)	
		(RMB'000)		
		(audited)		
Revenue	175,103,062	179,856,972	179,856,972	179,290,093
Cost of sales and services provided	<u>(156,633,507)</u>	<u>(163,825,377)</u>	<u>(163,825,377)</u>	<u>(165,525,773)</u>
Gross profit	18,469,555	16,031,595	16,031,595	13,764,320
Other income and gains, net	3,890,572	4,424,144	4,424,144	4,730,929
Selling and distribution expenses	(7,170,170)	(7,841,405)	(7,841,405)	(7,736,991)
Administrative expenses	<u>(2,572,676)</u>	<u>(2,445,495)</u>	<u>(2,445,495)</u>	<u>(2,418,598)</u>
Profit from operations	12,617,281	10,168,839	10,168,839	8,339,660
Finance costs	(1,120,121)	(1,218,636)	(1,218,636)	(1,507,393)
Share of profits/(losses) of:				
Joint ventures	7,909	240	240	(3,582)
An associate	<u>(1,487)</u>	<u>328</u>	<u>328</u>	<u>2,263</u>
Profit before tax	11,503,582	8,950,771	8,950,771	6,830,948
Income tax expense	<u>(3,096,252)</u>	<u>(2,336,337)</u>	<u>(2,315,551)</u>	<u>(1,840,063)</u>
Profit for the period	<u>8,407,330</u>	<u>6,614,434</u>	<u>6,635,220</u>	<u>4,990,885</u>
Attributable to:				
Owners of the parent	8,328,950	6,667,555	6,688,119	5,018,077
Non-controlling interests	<u>78,380</u>	<u>(53,121)</u>	<u>(52,899)</u>	<u>(27,192)</u>
	<u>8,407,330</u>	<u>6,614,434</u>	<u>6,635,220</u>	<u>4,990,885</u>
Earnings per share attributable to ordinary equity holders of the parent				
Basic				
— For profit for the year (RMB)	<u>3.56</u>	<u>2.76</u>	<u>2.77</u>	<u>2.09</u>
Diluted				
— For profit for the year (RMB)	<u>3.47</u>	<u>2.71</u>	<u>2.72</u>	<u>2.08</u>

Other financial data (unaudited)

	Year ended 31 December		
	2021	2022 (original) (RMB'000)	2023
EBITDA ⁽¹⁾	14,813,962	12,780,861	10,102,308
EBITDA Margin ⁽²⁾	8.5%	7.1%	5.6%

Notes:

- (1) EBITDA consists of profit from operations plus depreciation and amortisation. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit attributable to equity holders as any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, net finance costs, depreciation and amortisation and non-recurring items. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as revenue and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA herein because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.

Consolidated Statement of Financial Position

	As at 31 December			2023
	2021	2022 (original)	2022 (restated)	
		(RMB'000)		
		(audited)		
NON-CURRENT ASSETS				
Property, plant and equipment	17,371,855	17,796,425	17,796,425	18,055,099
Right-of-use assets	4,872,469	4,470,997	4,470,997	5,077,814
Land use rights	3,468,956	3,593,814	3,593,814	3,493,701
Prepayments	487,372	415,375	415,375	399,420
Intangible assets	10,337,459	9,957,190	9,957,190	9,629,424
Goodwill	8,296,827	8,326,151	8,326,151	8,364,196
Investments in joint ventures	55,694	55,934	55,934	54,852
Investments in an associate	—	5,368	5,368	9,881
Debt investments at amortised cost.	—	—	—	72,065
Deferred tax assets	236,484	206,646	375,337	513,352
Total non-current assets	<u>45,127,116</u>	<u>44,827,900</u>	<u>44,996,591</u>	<u>45,669,804</u>
CURRENT ASSETS				
Inventories	11,192,016	15,237,427	15,237,427	16,366,096
Trade receivables	1,815,180	1,796,318	1,796,318	4,108,501
Prepayments, other receivables and other assets	15,169,171	16,054,929	16,054,929	17,340,686
Amounts due from related parties	28,558	7,179	7,179	33,322
Financial assets at fair value through profit or loss	160,991	99,031	99,031	148,551
Term deposits and pledged bank deposits	797,094	1,809,195	1,809,195	3,871,391
Cash in transit	233,890	149,720	149,720	118,126
Cash and cash equivalents	10,950,038	11,679,029	11,679,029	15,611,984
Total current assets	<u>40,346,938</u>	<u>46,832,828</u>	<u>46,832,828</u>	<u>57,598,657</u>
CURRENT LIABILITIES				
Bank loans and other borrowings	15,219,401	14,678,659	14,678,659	15,873,276
Lease liabilities	395,983	484,076	484,076	609,762
Trade and bills payables	5,459,996	8,205,899	8,205,899	11,041,368
Other payables and accruals	4,856,063	3,373,286	3,373,286	3,686,529
Amounts due to related parties	1,748	2,209	2,209	6,801
Income tax payable	2,447,698	2,145,565	2,145,565	2,309,847
Dividends payable	—	2,000	2,000	2,000
Total current liabilities	<u>28,380,889</u>	<u>28,891,694</u>	<u>28,891,694</u>	<u>33,529,583</u>
NET CURRENT ASSETS	<u>11,966,049</u>	<u>17,941,134</u>	<u>17,941,134</u>	<u>24,069,074</u>
TOTAL ASSETS LESS CURRENT				
LIABILITIES	<u>57,093,165</u>	<u>62,769,034</u>	<u>62,937,725</u>	<u>69,738,878</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	3,271,864	3,176,028	3,397,854	3,418,851
Bank loans and other borrowings	4,968,423	7,185,161	7,185,161	12,499,506
Lease liabilities	4,248,986	3,876,489	3,876,489	4,598,066
Convertible bonds	3,897,401	4,413,796	4,413,796	3,175,879
Total non-current liabilities	<u>16,386,674</u>	<u>18,651,474</u>	<u>18,873,300</u>	<u>23,692,302</u>
NET ASSETS	<u>40,706,491</u>	<u>44,117,560</u>	<u>44,064,425</u>	<u>46,046,576</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	209	208	208	207
Treasury shares	—	(51,742)	(51,742)	—
Reserves	40,243,582	43,865,258	43,812,939	45,797,089
Non-controlling interests	462,700	303,836	303,020	249,280
TOTAL EQUITY	<u>40,706,491</u>	<u>44,117,560</u>	<u>44,064,425</u>	<u>46,046,576</u>

RISK FACTORS

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

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

RISKS RELATING TO OUR BUSINESS

The success of our business significantly depends on the automobile manufacturers in several aspects

As our new automobile sales business accounts for a substantial portion of our revenue, we depend significantly on the automobile manufacturers in several aspects. Automobile manufacturers may act in a manner or be subject to events that in turn could cause us to incur costs, expenses or experience delivery delays. As a result, our business, results of operations, financial condition and growth prospects could be materially and adversely affected by such actions or events. We depend on the automobile manufacturers for, among other things:

Supply of high-quality and popular new automobiles and spare parts

Our new automobile sales are influenced by the automobile manufacturers’ abilities to anticipate changes in consumer tastes, preferences and requirements, including those driven by cultural or environmental changes, and to manufacture and deliver to us in sufficient quantities and on a timely basis, a desirable, high-quality and price competitive mix of new automobiles and spare parts to sell to our customers. New energy vehicles (“NEV”) have seen rapid growth in recent years as China pushes for its development as part of broader industrial upgrades. In 2023, we have achieved a 70% growth in NEV sales year-on-year. However, a Any inability of our Group to transition or fully adapt to and capture the growing demand for NEV in China or failure to expand our NEV offerings may result in a loss of market share, adversely affect our business, which in turn may negatively impact our revenue and growth prospects.

In addition, the automobile manufacturers’ ability to supply high-quality and popular new automobiles and spare parts may be affected by a variety of factors, including economic downturns or recessions, force majeure events such as earthquakes and tsunamis, epidemics outbreak, increases in interest rates, and/or poor product mix or unappealing design, resulting in a change in demand for their automobiles and/or spare parts. The automobile

manufacturers may also alter their annual output due to reasons mentioned above, thus altering the supply of automobiles to all their 4S dealerships, including us. The automobile manufacturers may also fail to supply us with the automobiles we expect to receive under our allocated sales quota. If the automobile manufacturers are materially affected and their abilities to design, market or manufacture new automobiles or spare parts are impacted, or if the automobile manufacturers decide unilaterally to alter the supply of automobiles to us, our business operation will be disrupted and our results of operations, financial condition and growth prospects may be materially and adversely affected.

Product defects and automobile recalls

Automobile manufacturers may be adversely affected by product defects and automobile recalls. During the three years ended 31 December 2021, 2022 and 2023, automobile manufacturers conducted automobile recalls for a number of their automobile models that we sold. Such recalls have not caused any material adverse impact on our business, our operational and financial performance as at the date of this Offering Circular. However, we cannot assure you that such recalls will not materially and adversely affect our revenue and results of operations in the future. Please refer to the section entitled “*Business — Our strategic vision — After-sales businesses — Automobile recalls*” in this Offering Circular for details of the automobile recalls conducted by the automobile manufacturers during the three years ended 31 December 2021, 2022 and 2023

We cannot assure you that there will not be future automobile recalls affecting the automobile manufacturers or the models we sell, or that the automobile manufacturers will conduct future automobile recalls in the same manner as in the past. In particular, a number of recalls for the automobile brands we sell, including Mercedes-Benz, Lexus, Toyota and Honda, have been conducted recently. Our customers’ confidence in the quality and safety of the automobiles may be impaired due to the recalls, and any product defects or automobile recalls may have an adverse effect on the automobile manufacturers’ and the Group’s reputation. As a result, the recalls may lead to cancellation of orders placed by our customers and a drop in demand for our automobiles, which in turn may materially and adversely affect our results of operations, financial condition, and growth prospects going forward.

Advertising, marketing and promotional activities of the automobile manufacturers

Our new automobile sales business is strongly influenced by the promotional and marketing activities of the automobile manufacturers designed to spur consumer demand for automobiles. The automobile manufacturers periodically offer discounts, complimentary products or services, and/or extended product warranties.

The automobile manufacturers assist us with our advertising, marketing and promotional activities and the production of flyers, brochures and other promotional and point-of-sale materials, as well as other items for our 4S dealerships. In addition, we rely on the automobile manufacturers for the training of our sales personnel and automotive engineers and technicians to a certain extent. The repair and maintenance services we provide our customers under automobile warranties are part of the automobile manufacturers’ marketing plans and the costs for such services are billed to the relevant automobile manufacturer instead of the customer.

As a result, changes in these promotional and marketing activities by the automobile manufacturers may materially and adversely affect our results of operations, financial condition and growth prospects.

After-sales services

As a principal constituent of our after-sales services business, in-warranty repair services are charged to the automobile manufacturers instead of customers. As a result, a reduction in the term or coverage of such warranties may reduce the demand for our after-sales services from customers. We also rely on automobile manufacturers to provide our store managers, customer service and sales personnel and technicians with training to familiarise them with the features of, and repair and maintenance procedures for, their vehicle models. We cannot assure you that we will be able to maintain the continued support from automobile manufacturers for our after-sales services, or that any such failure will not have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We rely on our dealership agreements with the automobile manufacturers for the rights to operate our 4S dealerships and for our supply of new automobiles and spare parts

We rely on the automobile manufacturers for the rights to operate our 4S dealerships and for the supply of new automobiles and spare parts. Sales of new automobiles account for a substantial portion of our revenue. For the three years ended 31 December 2021, 2022 and 2023, revenue from new automobile sales accounted for 81.4%, 80.9% and 78.2% of the Group's revenue, respectively. Our rights to operate our 4S dealerships and the supply of new automobiles and spare parts are governed by the dealership agreements we entered into with the automobile manufacturers.

All of our dealership agreements are non-exclusive, must generally be renewed periodically and typically have a term which expires at the end of the next year after the execution of these agreements. The automobile manufacturers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and changes in ownership or management structure that affect our ability to meet our contractual obligations without their prior consent. Please see the section entitled "*Business — Our 4S Dealerships*" in this Offering Circular for more information on our dealership agreements.

There can be no assurance that we will be able to renew our dealership agreements on a timely basis, on commercially acceptable terms, or at all, or that our dealership agreements will not be terminated by the automobile manufacturers for various reasons, including changing their business strategies or taking direct control of the distribution of their automobiles in the PRC.

There can be no assurance that the automobile manufacturers will not make any decision to restrict, limit or reduce the number of 4S dealerships available to us as part of any change in their future strategies. Should the automobile manufacturers decide to restrict, limit or reduce the number of 4S dealerships they allow us to operate, or fail to renew or terminate our dealership agreements, our results of operations, financial condition and growth prospects may be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly affect our operations

Our business could be materially and adversely affected by natural disasters or epidemics outbreaks. If any disaster or outbreak of disease were to occur in the future, particularly in regions where we have dealerships, our operations could be materially and adversely affected due to loss of personnel, damage to property or decreased demand for automobiles.

Any outbreak of avian influenza, severe acute respiratory syndrome, influenza A (H1N1), COVID-19, Ebola or other adverse public health developments could adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth in China. The outbreak of COVID-19 since late 2019 affects the global economic outlook and enterprise operations. The degree of residual impact remains uncertain and will depend on various factors such as government support measures and regulatory policies of different countries. Although the World Health Organization has declared in May 2023 that COVID-19 is no longer a global health emergency, the global economy is still experiencing an imbalanced recovery, and the risk of compound inflation still exists.

As our sales are currently derived from our China operations, any contraction or slowdown in the economic growth of China could adversely affect our business, financial condition, results of operations and growth prospects. In addition, if any of our employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt our operations, as we may be required to close some or all of our stores or other business locations to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect our customers and suppliers. Natural disasters, outbreaks of contagious diseases and other adverse public health developments in China could severely disrupt our business operations and adversely affect our financial condition, results of operation and growth prospects.

Our business operations are subject to restrictions imposed by, and significant influence from, the automobile manufacturers

The automobile manufacturers may subject our business operations to various restrictions including:

- setting geographical limitation on our business, restricting our ability to establish or acquire new 4S dealerships;
- precluding us from obtaining additional dealership rights for failing to meet the relevant automobile manufacturer's performance criteria including criteria relating to sales results, customer satisfaction ratings and store presentation at our 4S dealerships;
- setting price guidelines for the retail sale of their new automobiles or certain spare parts;
- restricting our ability to provide guarantees or other forms of security, thus adversely impacting our ability to obtain financing for our business;
- restricting our ability to operate dealerships or sell vehicles of competing brands; and
- influencing the management of our 4S dealerships.

The restrictions imposed by, and significant influence from, the automobile manufacturers on our business could materially and adversely affect our results of operations, financial condition and growth prospects.

There can be no assurance that we will continue to receive rebates from the automobile manufacturers

Our purchase arrangements with the automobile manufacturers often include volume-based rebates, which are decided with reference to the units of new automobiles purchased, and are adjusted based on our satisfaction of certain targets set by the relevant automobile manufacturers, including sales targets, customer satisfaction indices and dealership presentation standards. There can be no assurance that the automobile manufacturers will continue to grant us rebates, or that they will pay any rebate under existing purchase arrangements. Should some or all of the automobile manufacturers cease to offer such rebates, or alter the conditions by which such rebates are granted, our financial condition and results of operations may be materially and adversely affected.

We are dependent on third parties for the supplies of automobile accessories

We are dependent on independent suppliers for the automobile accessories we sell. The success of our after-sales businesses is dependent on these suppliers' abilities to anticipate changes in consumer tastes, preferences and requirements and deliver to us in sufficient quantities and on a timely basis a desirable, high-quality and price competitive mix of automobile accessories to sell to our customers. If our suppliers' products fail to meet our customers' expectations or if we are unable to stock a sufficient range of products, or if our suppliers increase their prices due to increasing demand for their products from other dealerships, our profit margins of these products may be affected, which in turn could materially and adversely affect our results of operations and financial condition.

Our ability to meet consumer demands for new automobiles, spare parts and automobile accessories, is dependent in part on our ability to maintain a reasonable level of inventory of these products

We aim to stock a reasonable level of inventory of new automobiles, spare parts and automobile accessories, to respond to customer demand effectively and maintain a diverse range of products at our 4S dealerships. We aim to actively control our inventory turnover efficiency, as slow-moving inventories may be more difficult to sell, be returned to suppliers and/or result in higher levels of write-offs, thereby increasing our overall cost of sales and reducing our profit margins. If we overstock inventory, our required working capital may increase and we may incur additional financing costs. If we understock inventory, our ability to meet our customers' demands may be affected, which may in turn affect our reputation, cause us to forgo revenue, and materially and adversely affect our results of operations and financial condition. Moreover, the fluctuations in various macroeconomic readings including inflation could adversely affect the overall business sentiment and environment in China, which in turn may lead to a slower turnover in our inventory that could have an adverse impact on our financial condition and results of operations.

Our sales may be affected by seasonality

Almost all of our revenue is derived from business located in the PRC. We believe that there is a seasonal pattern in the spending behaviour of PRC consumers. Periods prior to major holidays in the PRC, such as the Chinese New Year and the National Day holiday in October, have typically coincided with higher revenue recorded for our new automobile sales business. As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year may not be meaningful and should not be relied upon as indicators of our performance.

The Founders are able to exercise substantial influence over our corporate policies and direct the outcome of corporate actions

As at 31 December 2023, approximately 48.67% of our outstanding shares are beneficially owned by Mr. Huang Yi and Mr. Li Guoqiang (the “**Founders**”). Subject to compliance with applicable laws, by maintaining such ownership, the Founders are able to exercise substantial influence over our corporate policies, appoint our Directors and officers and vote on corporate actions requiring shareholders’ approval. In addition, the Founders are also executive Directors of the Company and are able to exercise substantial control over our business. In particular, the strategic goals and interests of the Founders may not be aligned with our strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. The interests of our controlling shareholders may differ from those of the holders of the Bonds.

We are dependent on our management team, and our business may be severely disrupted if we lose their services

We believe that our success is largely dependent upon the continued service of the members of our management team, who are critical to establish our corporate strategies and focus and ensure our continued growth. In particular, the Founders, Mr. Huang Yi and Mr. Li Guoqiang, both with over 34 years’ experience and expertise in the PRC automobile industry, are crucial to our success.

Our continued success will depend on our ability to attract and retain a qualified and competent management team in order to manage our existing operations and support our expansion plans. We do not maintain keyman insurance for members of our management team. Although we have entered into employment agreements and non-competition agreements with certain members of our management team, the loss of the services of any member of our management team and/or the failure to recruit suitable or comparable replacements on a timely basis could have a significant impact on our ability to manage our business effectively and may reduce our competitiveness, and in turn materially and adversely affect our results of operations, financial condition and growth prospects. We cannot assure you that we will be able to retain our management team or attract and/or integrate suitable or comparable replacements on a timely basis or at all to meet our needs.

We are dependent on the continued service of, and our ability to attract, train, motivate and retain, our store management, sales personnel and automotive engineers and technicians

We are dependent on the continued service of, and our ability to attract, train, motivate and retain, our store management, sales personnel and automotive engineers and technicians for the performance and continued success of our business. Due to the strong growth of the

PRC economy and the PRC automobile industry, the competition for such personnel is intense. There can be no assurance that we will be able to attract, train, motivate and retain the necessary personnel to grow and develop our business, continue to deliver high-quality sales or customer service, or open new 4S dealerships. Our financial condition, management and results of operations may be materially and adversely affected if we fail to attract and retain the experienced personnel we need.

We may not be able to obtain adequate financing on acceptable terms

Our businesses require significant capital expenditure. In addition to purchasing automobiles, spare parts, automobile accessories, and other automobile-related products, we also require capital to establish and acquire new 4S dealerships, refurbish and maintain existing 4S dealerships and upgrade our information technology and billing systems.

Our capital expenditures for the three years ended 31 December 2021, 2022 and 2023 were RMB11,400.0 million, RMB1,948.8 million and RMB1,426.5 million, respectively.

Our business also requires adequate financing for our increasing level of inventory and prepayments for new automobiles that we purchase from the automobile manufacturers. We expect our financing costs to increase as our inventory level and prepayments for new automobiles increase due to the continuing expansion of our businesses.

There can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans. We have generally relied on cash generated from our operations as well as bank loans to fund our operations and expansion. Our ability to obtain adequate external financing will depend on a number of factors, including our financial performance and results of operations, as well as other factors beyond our control including the global and PRC economies, interest rates, applicable laws, rules and regulations, and the conditions of the PRC automobile market, the PRC automobile dealership industry and the geographical regions we operate in. If we are unable to obtain financing in a timely manner, at a reasonable cost or on reasonable terms, the implementation of our expansion plans may be delayed and our competitive position and growth prospects may be adversely affected.

We rely on computer equipment and software systems to manage our operations

We are dependent on an integrated information management system to manage, supervise and improve ordering, inventory and logistics management and financial and cash management, minimise the costs of maintaining inventory and to improve our overall sales performance. We intend to keep upgrading our existing information technology systems across our distribution network to operate a uniform platform which complements the expansion of our business. We manage our quotas and inventory levels through our ERP system, and we cannot assure you that, any future upgrades to our ERP system will not cause disruptions to our business and operations. If our computer equipment or software systems fail, our businesses and operations may be disrupted. Although we believe that our disaster recovery plan and data back-up systems are designed to handle system failures, there can be no assurance that we will be able to implement our disaster recovery plan on a timely basis or at all, or that our data back-up systems will not also be subject to failures. Any failure in our computer equipment and/or software systems could have a

material adverse effect on our business, financial condition and results of operations. Our growth may also be restricted by the capacity of our computer equipment and/or software systems to meet the increased needs of larger scale operations.

Implementing our growth strategy may expose us to certain risks and we may not sustain our growth rate

The Group's operations have grown rapidly from 178 operating 4S dealerships at the beginning of 2014 to 420 operating 4S dealerships as at 31 December 2023, and our revenue has grown accordingly. Our growth strategy involves expanding our 4S dealership network, further extending our industry chain and seeking new profit growth points.

There are significant risks involved in our expansion plan, including whether we will be able to: (a) access adequate financial resources; (b) timely determine the magnitude of our expansion; (c) hire, train and maintain sufficient qualified staff; (d) negotiate the terms of new leases, concessions or land use rights successfully for properties in desired locations; (e) obtain appropriate licences, permits and approvals from relevant PRC governmental authorities on a timely basis; and (f) enter into dealership agreements after a memorandum of cooperation is entered into between our operating entity and the automobile manufacturers for a specific 4S dealership.

In addition, various factors beyond our control may significantly influence the results of our growth strategy, including general economic conditions in China, particularly in the automobile market and the automobile dealership industry and the specific geographical areas we operate in. Business or operational strategies and policies adopted by the automobile manufacturers, other suppliers and competitors may also significantly influence the results of our growth strategy.

Our growth strategy includes establishing new 4S dealerships. There can be no assurance that we will be able to identify and secure suitable locations, or that we will be able to enter into new 4S dealership arrangements with the automobile manufacturers on a timely basis or at all for such new 4S dealerships. The new 4S dealerships may result in additional indebtedness, costs and contingent liabilities and may fail to generate sufficient revenue for us to recover such debt, costs or liabilities. We also intend to grow by, among other strategies, acquiring existing 4S dealerships from third parties and improving their performance. There can be no assurance that we will be able to identify and secure suitable acquisition opportunities, or that we will be able to improve the performance of such acquired 4S dealerships on a timely basis.

The terms of the Bonds give us the flexibility to expand into new businesses ancillary or complementary to our automobile sales business. When entering into new business areas, we will be subject to risks related to any such new businesses, will have limited experience in operating such new businesses and may lack necessary expertise, which may have an adverse effect on our operations, financial performance, credit rating and ability to service our obligations under the Bonds.

We experienced growth from 2021 to 2023, with our revenue increasing at a CAGR of 1.2% from RMB175,103.1 million in 2021 to RMB179,290.1 million in 2023. There can be no assurance that we will be able to sustain our revenue growth or profit margins at historical levels or that we will be able to manage our growth successfully. You should not rely on our operating results for any prior annual period as indicators of our future operating

performance. Should any or all of the risks in relation to our expansion plan eventuate, our results of operations, financial position, and growth prospects could be materially or adversely affected.

We may not be successful in identifying or acquiring suitable acquisition targets or integrating newly acquired businesses into our network

We intend to expand our operations and markets through both organic growth and strategic acquisitions. We compete with other dealership groups, some of which may have more financial and other resources, and we may not be able to compete successfully with such groups in acquiring suitable targets. If we do not succeed in identifying and acquiring suitable acquisition targets, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

In addition to the Anti-Monopoly Law of the People's Republic of China (中華人民共和國反壟斷法), which requires the MOFCOM be notified in advance of any concentration of undertaking if certain thresholds are triggered, the complex procedures for some acquisitions of PRC companies by foreign investors, established by the M&A Rules, could make it more difficult for us to pursue growth through acquisitions in China. The M&A Rules establish additional procedures and requirements that could make certain acquisitions of PRC companies by foreign entities, such as ours, more time-consuming and complex, particularly in some instances where the approval of MOFCOM is required for transactions involving the shares of an offshore listed company being used as the acquisition consideration by foreign entities. Complying with the requirements of the M&A Rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. Furthermore, integration of the newly acquired businesses may not succeed for a number of reasons, such as differences in strategic focus, geographic coverage and corporate culture between us and the acquired businesses and difficulties in retaining the key employees of acquired businesses. Any delays or difficulties encountered in connection with the integration of management or operations could result in the diversion of management's attention from our existing operations and the delay or deferral by our management of important strategic decisions, which could negatively affect our business, prospects, cash flows, financial condition and results of operations. In addition, we cannot assure you that we will fully realise any of the anticipated benefits, or any anticipated benefit at all, from our strategic acquisitions.

We may not be able to grow our pre-owned automobile business

The growth of our pre-owned automobile business depends on various factors, such as our ability to attract pre-owned automobile buyers to our stores and sellers and buyers of pre-owned automobiles to our pre-owned automobile market, the degree of acceptance of pre-owned automobiles by our potential customers, and the relevant PRC laws and regulations governing the pre-owned automobile business. Many of these factors are beyond our control and, therefore, we may not be able to maintain or grow our pre-owned automobile business. Under the PRC laws, we may, when selling a pre-owned automobile, be required to provide quality guaranty as well as after-sales service. Any sales of defective pre-owned automobiles may harm our reputation and materially and adversely affect our business, financial condition and results of operations.

We may not be able to grow our automobile financial leasing business

Our automobile financial leasing business could be negatively impacted by uncertainties in the PRC automobile financial leasing business and may experience unexpected downturns. The growth of our automobile financial leasing business, as well as demand for our automobile financial leasing services, depends on various factors, some of which are beyond our control, including the general economic conditions in the PRC, popularity and perceptions of automobile financial leasing among our customers, and the relevant PRC laws and regulations governing the automobile financial leasing business.

We may not be able to grow our after-sales services revenue

The growth of our after-sales services revenue depends on various factors, including our ability to attract and retain customers for our after-sales services, the quality of our service offerings, and our ability to provide a broad range of after-sales services that meet customer needs. After-sales services contribute an important portion of our revenue. If we are unable to maintain or grow our after-sales services business, it could materially and adversely affect our business, financial condition, and results of operations. In addition, changes in consumer preferences and technological advancements could reduce the demand for certain after-sales services, further impacting our growth and financial performance in this segment.

Our gross profit margin and profitability may be affected by the mix of products sold and services delivered

Our principal businesses consist of sales of new automobiles, pre-owned automobiles and after-sales services. From 2021 to 2023, we recorded higher gross profit margins for after-sales services than for sales of new automobiles and pre-owned automobiles. In 2021, 2022 and 2023, our gross profit margins for after-sales services were 48.1%, 47.1% and 46.9%, respectively, as compared to our gross profit margins for sales of new automobiles of 4.4%, 2.7% and 0.8%, respectively, in the same period. We may not be able to grow our after-sales services at the rate equal to, or higher than, our new automobile sales business. Therefore, our gross profit margin and profitability may vary significantly from period to period as a result of changes in the mix of products sold and services rendered during the relevant period.

Our business depends on the market recognition of our brand and any failure to effectively maintain or enhance our brand recognition or to protect our brand may materially and adversely affect our business and results of operations

We believe that establishing strong brand recognition is important to our success. We have successfully established our Zhongsheng brand and were ranked first in the list of “Top 100 Automobile Dealers in China” and awarded “Industry Comprehensive Strength Excellent Member” by CADA in 2023. If we fail to maintain brand recognition among our target customers due to a deterioration in service quality, dealership management or otherwise, or if any premium in value attributed to our business compared to that of our competitors declines, market perception and consumer acceptance of our brands may erode. In such event, we may not be able to effectively compete for customers and new authorisations from automobile manufacturers to open stores and our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We may not be able to use certain properties leased by us because of defects affecting our leasehold interests

We have leased certain properties in China to operate our stores, part of which were subject to certain defects. For instance, certain leased properties are built on collectively owned land or state-owned allocated land, and certain lessors had not obtained the relevant building ownership certificates. Any dispute or claim in relation to the rights to lease and use the properties occupied by us, including any litigation involving allegations of illegal or unauthorised use of these properties, may require us to relocate our business operations. If any of our leases were terminated as a result of any challenge by third parties or any failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation. Any such relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. In addition, there can be no assurance that the PRC government will not amend or revise existing property laws or regulations to require additional approvals, licences or permits, or impose stricter requirements to obtain or maintain the title certificates required for the properties occupied by us.

Our insurance coverage may be inadequate to protect us from all potential losses

We carry all risks insurance covering loss and damage to our properties, including our fixed assets and inventories in all of our 4S dealerships, as well as auto repair liability insurance, public liability insurance, cash insurance and group life accident insurance. However, we do not carry liability insurance that extends coverage to all potential liabilities that may arise in the ordinary course of our business, nor do we maintain any insurance coverage for business interruption due to the limited availability of business interruption insurance in China. Significant uninsured damage to any of our properties, inventories or other assets, whether as a result of earthquakes or other causes, could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We may not be able to continue to receive government grants from local governments

We received government grants in each year from 2021 to 2023 from local governments in recognition of our contribution to economic development. For each of the years ended 31 December 2021, 2022 and 2023, we received government grants of RMB64.0 million, RMB156.8 million and RMB49.8 million, respectively. The amount of the government grants was determined at the local governments' discretion. We cannot assure you that we will be able to continue to receive any such government grants from the local governments at the same level as in the past, or at all. Any decision of the local governments to terminate or reduce the amount of our government grants may adversely affect our results of operations and financial condition.

Labour disputes involving automobile manufacturers and suppliers could reduce our revenue and harm our profitability

Labour disputes involving automobile manufacturers and suppliers could result in a shortage of new automobiles or an interruption in the delivery of new automobiles to our stores. In the past, there had been no material labour disputes. In addition, significant increases in labour costs as a result of negotiations to resolve labour disputes could also

result in downward pressure on our margins, as automobile manufacturers and suppliers may seek to pass on some of their increased costs to us, which could reduce our revenue and profitability.

We may not be able to detect and prevent misconduct committed by our employees, officers, sales personnel or third parties

We may not be able to detect and prevent fraud, corruption, bribery or other misconduct our employees, officers, sales personnel or third parties. The Group is exposed to such misconduct committed by our employees, officers, sales personnel, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental or regulatory authorities as well as seriously harm of reputation. In addition, our employees, officers, sales personnel, agents, customers or other third parties may be subject to investigations by governmental or regulatory, whose occurrence or outcome may be difficult to predict. Our management information systems and internal control procedures are designed to monitor our operations and overall compliance, and we from time to time examine our internal control and corporate governance policies and procedures in order to strengthen our ability to detect and prevent similar and other misconduct. Nevertheless, we may be unable to identify non-compliance and/or suspicious transactions in a timely manner or at all. Further, it is not always possible to detect and prevent fraud, corruption and other misconduct.

We face risks associated with our joint ventures

Some of our existing stores are carried out through joint ventures. In addition, during our business expansions, we may form additional joint ventures in the future. Such existing or future joint venture arrangements involve a number of risks, including:

- disputes with joint venture partners in connection with the performance of each party's obligations under the joint venture agreements;
- disputes as to the scope of each party's responsibilities under these agreements;
- financial difficulties encountered by a joint venture partner affecting its ability to perform its obligations under the joint venture agreements with us; and
- conflicts between the policies or objectives adopted by the joint venture partners and those adopted by us.

Any of these risks and other factors may lead to disputes with our joint venture partners and cause disruptions in the operations of the joint ventures and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Changes in accounting standards, procedures or policies may materially affect the Group's financial condition and results of operations

The accounting standards, policies and procedures governing the preparation of the Group's financial statements as well as their application and interpretation may change from time to time. Such changes may be beyond the Group's control, and can be difficult to predict, which, in turn, could materially impact its results of operations and financial position. In some cases, the Group may be required to apply a new or amended accounting standard retrospectively, resulting in material changes to previously reported financial

results. Any changes in accounting standards, procedures or policies may materially affect the Group's results of operations and financial position. For instance, the Group has adopted certain new and revised HKFRS for the first time for the financial statements of the Group for the year ended 31 December 2023. See note 2.2 (*Changes in accounting policies and disclosures*) to the consolidated financial statements of the Group for the year ended 31 December 2023 for details.

The Group applied amendments to HKAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction). Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The comparative data has been restated based on the retrospectively adjusted financial reports. For further details regarding the restatement, see note 2.2 (*Changes in accounting policies and disclosures*) to the consolidated financial statements of the Group for the year ended 31 December 2023 for the effects of the application of amendments to HKAS 12.

As a result, the Group's audited financial information for the year ended 31 December 2023 may not be directly comparable against the Group's audited financial information for the year ended 31 December 2022. Potential investors are advised to exercise caution when using such data to evaluate the financial condition and results of operations of the Group, and should not place undue reliance upon such data.

RISKS RELATING TO OUR INDUSTRY

We may not be able to obtain adequate financing on acceptable terms on a timely basis, or at all

Our business is capital intensive and we finance our liquidity requirements mainly through a combination of cash flows generated from operating activities, bank loans and other borrowings. We require significant working capital to fund purchases of new automobiles, spare parts and automobile accessories. We also require significant capital to expand our automobile dealership network and maintain our existing stores and operations, including purchases of property, plant and equipment and land use rights. For the three years ended 31 December 2023, we incurred capital expenditures of approximately RMB11,400.0 million, RMB1,948.8 million and RMB1,426.5 million, respectively. As at 31 December 2021, 2022 and 2023, we had bank loans and other borrowings in the amount of RMB20,187.8 million, RMB21,863.8 million and RMB28,372.8 million, respectively; while our finance costs were approximately RMB1,120.1 million, RMB1,218.6 million and RMB1,507.4 million, respectively.

We have generally relied on cash flows generated from our operations, bank loans and other borrowings to fund our operations and expansion plans. There can be no assurance that the cash flows generated from our operations will be sufficient to fund our future capital needs. Our ability to obtain adequate external financing will depend on a number of factors, including our financial performance and results of operations, as well as factors beyond our control, including the global and PRC economic conditions, market conditions for the automobile dealership industry in the PRC and in the regions where we operate, interest rates fluctuation and changes in applicable laws, rules and regulations. In particular, the

Measures for the Management of Automobile Loans (汽車貸款管理辦法), which were jointly promulgated by the PBOC and the CBRC and effective from 1 January 2018, provides that term of loans granted to distributors for purchasing vehicles and spare parts shall not be longer than one year and that an automobile dealer's asset-liability ratio, which equals to dividing the total debt, including interest-bearing bank borrowings and other borrowings and amount due to shareholders by total assets, shall not exceed 80%. For the three years ended 31 December 2021, 2022 and 2023, our asset liability ratio was 52.4%, 51.9% and 55.4%, respectively. If we are unable to obtain external financing when required, in a timely manner, at a reasonable cost or on commercially reasonable terms, or at all, our business and operation may suffer, the implementation of our expansion plan may be delayed and our competitive position and growth prospects may be adversely affected. Furthermore, our finance costs could be significantly higher than the prevalent interest rates, which can adversely affect our liquidity and results of operations.

Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile industry

Our business operations are located in the PRC, where market practice allows the automobile manufacturers to grant non-exclusive dealership rights in the same geographical area. As a result, our results of operations may be affected not only by competition among the automobile manufacturers in terms of quality, delivery time and price, but also by competition from other dealerships or dealership groups in the same region selling the same brands and models of automobiles as the Group.

We expect that the competition we face will increase as the number of dealerships increases. In addition, more automobile manufacturers may engage in the distribution sector in the future and build up their own 4S store network. An increased number of the automobile manufacturers and dealers in the PRC automobile industry could impact our market share and result in a decrease in revenue and profit in new automobiles sales, repair maintenance and detailing services and automobile accessories sales, and our growth prospects may be adversely affected.

Volatility in demand in China for automobiles could materially and adversely affect its results of operation

Demand for automobiles in China is cyclical in nature and is affected by various factors, including sales and financing incentives, costs of raw materials, parts and components, cost of fuel, environmental concerns and governmental regulations, including tariffs, import regulation and other taxes. Fluctuations in demand may lead to lower vehicle sales and increased inventory, resulting in further downward price pressure which will inevitably adversely affect the Group's financial condition and results of operations.

According to CAAM, the PRC's automobile production and sales volume in 2021 were 26.082 million units and 26.275 million units respectively, representing a year-on-year increase of 3.4% and 3.8%, ending a consecutive three-year decline since 2018. According to the CAAM, the production and sales volume of NEV in 2022 reached 7.058 million units and 6.887 million units respectively, representing a year-on-year increase of 96.9% and 93.4%, respectively, with its market share going up to 25.6%. In 2023, amidst various initiatives to bolster the automotive economy, Chinese passenger vehicle sales volume saw a steady increase. According to insurance data, total passenger vehicle sales volume reached 21.70 million units, representing a year-on-year increase of 5.8%.

Any slowdown in demand for automobiles in the China market may lead to decrease in sales which could result in a significant impact on the demand of our services, resulting in diminished returns to the substantial resources invested in the daily operation. If these events occur, the Group's results of operations and financial condition could be materially and adversely affected.

Strict fuel economy standards and emission standards and high fuel prices could restrict the supply of and/or reduce the demand for automobiles, spare parts and automobile accessories in the PRC

The implementation and enforcement of strict fuel economy standards and emission standards for automobiles are likely to increase the cost of manufacturing, research and development and distribution for all the automobile manufacturers and may have a negative impact on the supply of automobiles. Automobile manufacturers may also raise their price guidelines for their automobiles, and consumer demand for automobiles (particularly more expensive automobiles such as the mid-to- high end and luxury brand automobiles retailed by the Group), spare parts, and automobile accessories may decline as a result.

On 9 October 2020, the National Development and Reform Commission announced that the domestic retail price of petrol and diesel will not be adjusted according to global crude oil prices. The PRC government currently subsidises the retail price of petrol and diesel and may adjust the domestic fuel price as a result of, among other factors, changes in global crude oil prices. The PRC government has adjusted the retail petrol price several times in 2023. Fluctuations in fuel prices have led to changes in the level of fuel demand in China. Disparities in the cost and availability of fuel among different regions in China have made fuel cost in China even less predictable. If demand for fuel increases in China, fuel shortage or price increases may occur. Because of increased or unpredictable costs or shortages of fuel, consumers may shift to use alternative means of transport, such as bicycles, buses and subways, or purchase more fuel-efficient automobiles.

There can be no assurance that the PRC government will not implement stricter fuel economy standards or emission standards or further increase fuel prices. Our automobile sales may decline as a result and our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Government policies may restrict the supply of and/or reduce the demand for automobiles, spare parts and automobile accessories in the PRC

Government policies on automobile consumption and ownership may materially affect our business because of their influence on consumer behaviour. The PRC government adjusted automobile consumption tax rates in 2006, 2008 and 2016 and there can be no assurance that the PRC government will not impose restrictions or taxes on automobile consumption in the future. If the PRC government increases automobile consumption tax rates or imposes additional restrictions or taxes, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

Automobile sales may be affected by quotas or other measures imposed by local governments to control the number of automobiles in the cities where our networks are located. Changes in local economic conditions, the competitive environment and governmental policies could materially and adversely affect our business, financial

condition, results of operations and growth prospects. For example, with the goal to curb traffic jams and pollution, Shanghai has been restricting the issuance of new licence plates since 1994. Individuals and companies have to bid in an auction, which is generally held by a qualified auction agency, for a licence plate in order to register a new vehicle and the total number of licence plates to be issued and details relating to the auction is announced to the public 7 calendar days immediately before the auction. Similarly, effective from 23 December 2010, the Beijing municipal government issued a number of measures to limit the number of new licence plates it issues each year, with a view to curbing traffic congestion in Beijing. At the same time, the Shenzhen municipal government imposed restrictions on new car purchases at the end of 2014, according to which only 100,000 new licence plates will be allocated annually for the city. To promote the development of new energy automobiles, the Shenzhen municipal government further reduced the number of new licence plates allocated annually for the city to 80,000 at the end of 2019. According to the development plan for the new energy vehicle industry (2021–2035) (關於印發新能源汽車產業發展規劃(2021–2035年)) published by the General Office of the State Council of the PRC, the volume of NEV sales should account for around 20% of total new vehicle sales by 2025.

These and any future government policies to control the number of automobiles in the markets where we operate may restrict the ability of potential customers to purchase automobiles and hence reduce customer demand for automobiles. There can be no assurance that the PRC government will not impose additional registration restriction rules in other cities on the PRC automobile industry. We may not be able to pass on increased costs to consumers, or may face a decline in sales as a result of lower demand or higher prices, and there may be a material and adverse effect on our revenue, profits, and growth prospects.

Any failure to comply with applicable laws, rules and regulations governing the automobile dealership industry may adversely affect our business

We operate in a highly regulated industry. We are required to maintain various approvals, licences and permits for our operations that are specific to the automobile dealership industry. There can be no assurance that the PRC government will not amend or revise existing laws, rules or regulations to require additional approvals, licences or permits, or to impose stricter requirements to obtain or maintain the approvals, licences or permits required for our business operations. Any loss of or failure to obtain or renew our approvals, licences, or permits could disrupt our operations and any fines or other penalties imposed by the PRC government could materially and adversely affect our results of operations, financial position and reputation.

Our business is dependent on the economic conditions of the PRC and the market conditions where we operate. If we experienced an economic downturn, it could adversely affect our business, liquidity, financial conditions, results of operations and prospects

Our business is dependent on the economic conditions of the PRC and the market conditions where we operate. Demand for our automobiles and other products may decrease if we experience a downturn, which would adversely affect cash flow generated from our operations. In addition, some of the automobile manufacturers may also be adversely affected with declines in profits and production output. Furthermore, the availability of credit to entities, such as ourselves, operating within emerging markets, could be significantly influenced by levels of investor confidence in such markets as a whole and any factors that may impact market confidence could affect the costs or availability of

funding for entities within any of these markets. Any challenging market conditions could result in reduced liquidity, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and a tightening of credit terms. Any prolonged economic downturn or prolonged disruptions to the credit markets could limit our ability to borrow funds from our current or other funding sources or cause the continued access to funds to become more expensive, and our business may be exposed to a downturn in sales that might be caused by such tightening of credit conditions, and our results of operations, financial condition and prospects may be materially and adversely affected.

A prolonged global economic downturn could adversely affect the PRC economy and our business, financial condition and results of operations

Unfavourable financial or economic environments, including the continued global financial uncertainties, have had and may continue to have an adverse impact on investors' confidence, the PRC economy and global economy. In particular:

The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs and other barriers on certain industries and products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. The trade war between the United States and China has resulted in disruption to global trade flows, global production and supply chains; and it also increased volatility in the financial markets around the world. In addition, the European Union-China relations have become increasingly complex with bilateral relations marked by challenges related to market access and investment as well as key foreign and security policy issues. The EU has sought to take steps to remedy what it sees as an uneven playing field, by reducing critical dependencies and vulnerabilities in its supply chains. For example, there have been proposals in the EU to raise tariffs on imported electric vehicles made in China. There are uncertainties as to when and whether any of these trade disputes would be resolved or any of these trade barriers or similar measures would be lifted, if at all. Any such unfavourable events may result in adverse impact on the financial or economic environments, which may in turn materially and adversely affect our business, financial condition and results of operations.

In early 2023, the global financial markets have experienced further volatility with the collapse of mid-size Silicon Valley Bank, Signature Bank and First Republic Bank in the United States, as well as the collapse of global financial institution Credit Suisse, which has resulted in tightened credit standards, reduced capital investment and higher uncertainty in the global macroeconomic environment. In addition, the ongoing corporate deleveraging efforts by the PRC government since 2017 and the increased amount of corporate defaults over recent years, particularly in the PRC real estate sector, have contributed to further volatility in financial markets. The economic effects arising from the COVID-19 has significantly affected global financial, foreign exchange, commodity and energy markets, along with the resulting significant government support measures and negative impacts to government budgets during and after the COVID-19 pandemic. Whether and to what extent countries and territories will be able to return to pre COVID-19 economic levels remain uncertain.

There are ongoing concerns relating to the political gridlock in the United States over government spending and debt levels, the consequences for economic growth and investor confidence in the United States, the conflict between Russia and Ukraine, the

Israel-Palestinian conflict and the sanctions imposed by governments in response, which have caused significant instability in global financial markets. Central banks of some countries, including the Federal Reserve Board of Governors of the United States, have also accelerated their shifts in monetary policies and increased interest rates in response to sustained inflationary pressure. There can be no assurance that monetary and fiscal policy measures adopted by central banks or national governments will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist.

There are also ongoing impacts from the prolonged period of uncertainty around the exit of the United Kingdom from the European Union (“**Brexit**”). On 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement (the “**Withdrawal Agreement**”) signed in October 2019. As agreed in the Withdrawal Agreement, a transition period was implemented until 31 December 2020, during which time EU laws and regulations continued to apply broadly as before. The UK-EU Trade and Cooperation Agreement (“**TCA**”) was finalised on 24 December 2020 and came into force from 1 January 2021. The TCA sets out all aspects of the new UK-EU relationship, such as trade, security, areas of ongoing collaboration/cooperation and governance. Given the lack of precedent, the long-term impact of Brexit remains uncertain and will depend on the implementation of the final terms agreed between the United Kingdom and the European Union in the TCA as well as on the United Kingdom’s ability to secure favourable trade and investment terms with countries outside the European Union.

These and other issues resulted from the global economic downturn have had, or may have, a significant adverse impact on, among other things, the prospects for growth in GDP and international trade, the demand for luxury products, the availability and cost of credit and consumer sentiment. Persistent concerns regarding a potentially long-term and widespread recession, geopolitical issues, the availability and cost of credit and the decline in consumer spending in major economies have resulted in diminished expectations for economic growth around the world. The PRC economy relies significantly on its exports and any significant economic downturn, in particular a prolonged recession in Europe, the United States or other major economies, could have a material adverse effect on the PRC economy. We derive almost all of our revenue from China. Any slowdown in the PRC economy may adversely affect demand for our automobiles and after-sales services and could result in:

- a significant reduction in customer demand for our automobiles and after-sales services, which would reduce our revenue and profit margins;
- a significant reduction in the availability of automobile financing, which would also reduce customer demand for automobiles;
- increased price competition for automobiles and after-sales services, particularly the price competition of luxury automobiles;
- risk of excess and obsolete inventory;
- difficulty in accurately forecasting the demand for automobiles and after-sales services;
- insolvency or credit difficulties of our customers or their insurance carriers, which could limit their ability to pay for our after-sales services; and

- insolvency or credit difficulties of our automobile manufacturers and suppliers, which could disrupt the supply of automobiles or spare parts. In addition, a substantial amount of our luxury automobiles are imported from, or manufactured by the joint ventures of manufacturers based in, the member states of European Union, particularly Germany. Any credit crisis in Europe or cessation of the Euro being used as the main currency in the European Union (including Germany) may cause significant fluctuations in the prices for automobiles, spare parts and accessories imported from Germany. As a result, this may increase our cost of sales and services and negatively affect the demand for these products.

Any of the foregoing developments could materially and adversely affect our business, financial conditions, results or operations and growth prospects.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Our business operations and future growth rely on GDP and consumption growth in the PRC market and may be adversely affected by changes in economic, political and social conditions globally and in China

Almost all of our revenue during the three years ended 31 December 2021, 2022 and 2023 were derived from business located in China. We anticipate that China will remain our primary market in the foreseeable future. One of our strategies is to expand our operations in China. Should there be any adverse change in GDP and/or consumer spending growth in China, our results of operations, financial condition and growth prospects may be materially and adversely affected.

In the past 20 years, China has been one of the world's fastest growing economies in terms of GDP. However, historically, the PRC government has taken measures to attempt to constrain economic growth to a manageable level, especially with respect to the rate of growth in industrial production, bank credit, fixed investment and monetary supply. In addition, the PRC economy has been growing at a decreasing rate in recent years. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP in 2021 was 8.4%, which then dropped to 3.0% in 2022. In 2023, China's GDP reached RMB126.06 trillion, representing year-on-year growth of 5.2%. Since early 2008, concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the markets in the future. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged recession on a global basis. These events have led the Chinese economy to experience a slowdown. We cannot predict the extent to which changing global economic conditions will affect GDP and consumer spending in China. In addition, consumer spending can be affected by factors such as changes in economic and financial conditions, social and political stability in China and other factors which are beyond our control. Changes in any of these conditions or any changes in PRC laws, regulations or other policies in reaction to the changing economic conditions could materially and adversely affect our business, financial condition, results of operations and growth prospects.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major

developed economies in the world, such as the United States and the European Union. For details, please see “*Risk Factors — Risks Relating to Our Industry — A prolonged global economic downturn could adversely affect the PRC economy and our business, financial condition and results of operations*”.

Recently, the combination of the increased interest rates in response to sustained inflationary pressure and ongoing geographical conflicts around the world had led to volatility in economy and contributed to the increase in inflation. In addition to increased volatility in international financial markets, general consumption and manufacturing levels have also been adversely affected as a result. Furthermore, should the financial turmoil and geopolitical tension persist, it may have a negative impact on the Chinese economy, and in turn, may adversely affect our business, financial condition and results of operations.

Political and economic policies of the PRC government may affect our business and results of operations and may result in our inability to sustain our growth

The PRC economy differs from the economies of most developed countries in a number of respects, including the degree of government involvement, control of capital investment, and the overall level of economic development. Before its adoption of reform and open door policies in 1978, China was primarily a planned economy. In recent years the PRC government has been reforming the PRC economic system and government structure. These reforms have resulted in significant economic growth and social progress. Economic reform measures, however, may be adjusted, modified or applied inconsistently across different industries or regions of the country. As a result, we may not continue to benefit from all, or any, of these measures. In addition, we cannot predict whether changes in the PRC political, economic and social conditions or laws, regulations and policies will have any adverse impact on our current or future business, financial condition, results of operations and growth prospects.

The legal system of the PRC has impact on our business and results of operations

Our business and operations in China are subject to the impact of the PRC legal system, which is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as some of these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations may vary. For some of the laws, regulations, policies and legal requirements, it is difficult for us to predict the implementation, interpretation and enforcement as they are relatively new, there is a lack of established practice available for reference and/or the limited volume of published cases and the non-binding nature of prior court decisions. Legal protection available to us may be affected and protracted litigation could result in substantial costs and the diversion of resources and management attention.

Furthermore, no assurance can be made on the effect of future legal developments in China, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws, as well as the impact of such legal developments on our business and results of operations.

Currency conversion related regulations and future movements in foreign exchange rates may negatively affect our financial condition, results of operations and our ability to remit dividends

Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. We cannot assure you that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy other foreign exchange requirements. If we are unable to obtain the relevant approvals, our capital expenditure plans and, consequently, our ability to grow our business, could be adversely affected. Moreover, changes in PRC foreign exchange regulations may materially and adversely affect our ability to transfer funds to, and receive dividends from, our PRC subsidiaries.

The exchange rates of Renminbi against foreign currencies are affected by, among other things, changes in the PRC's political and economic conditions. In August 2015 the PBOC devalued the Renminbi lowering its daily mid-point trading price significantly against the U.S. dollar three times. The Renminbi depreciated significantly against the U.S. dollar afterwards. Since 2016, the Renminbi experienced further fluctuation in value against the U.S. dollar. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. The PRC government has since made and in the future may make future adjustments to the exchange rate system. From 2017 to April 2018, the value of the Renminbi to the U.S. dollar experienced an uptrend, while from late 2018 the trend took a quick turn downwards. Since the beginning of 2019, the exchange rate for the conversion of Renminbi into U.S. dollars has experienced further fluctuation. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the midpoint exchange rates adopted by the PBOC, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any appreciation in the US dollar, Euro, Japanese Yen or other foreign currencies against Renminbi may cause automobile manufacturers to raise their prices, which would increase our purchase costs for automobiles and spare parts, which could in turn increase our automobile retail prices and adversely affect our sales and profits. To the extent that we need to convert the US dollars that we will receive from this offering into Renminbi for our operations, appreciation of Renminbi against the US dollar would reduce the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into US dollars for the purpose of making payments for interest on our Bonds or for other business purposes, appreciation of the US dollar against Renminbi would reduce the US dollar amount available to us.

Our ability to pay dividends and utilise cash resources in our subsidiaries depends on our subsidiaries' earnings and distributions

We are a holding company. Our revenue is generated from our business operations conducted through our subsidiaries. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our subsidiaries incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. As at the date of this Offering Circular certain of the financing agreements and other agreements entered into by the Company's subsidiaries contain restrictions on making payments to the Company. These restrictions could reduce the amount of dividends or other distributions that we receive from our subsidiaries, which could in turn restrict our ability to fund our business operations and to pay dividends to our shareholders and interest to our Bondholders. The Company's future declaration of dividends may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

Furthermore, applicable PRC laws and regulations permit payment of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year to their respective reserve funds in accordance with the requirements of relevant PRC laws and regulations as well as provisions in their respective articles of associations. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net income to us either in the form of dividends, loans or advances. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends or interest or otherwise fund and conduct our business.

Distributions by our PRC subsidiaries to us in forms other than dividends may be subject to government approval and taxes. Any transfer of funds from us to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration with or approval from the relevant PRC governmental authorities. In addition, the ability of our PRC subsidiaries to lend funds directly to each other is limited under applicable PRC laws. These limitations on the flow of funds between and amongst us and our PRC subsidiaries could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiaries in a timely manner, or at all.

Failure by our shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to overseas investment and financing activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident shareholders to liability under PRC law

The Circular of the SAFE on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents through 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) (the "SAFE Circular") promulgated by SAFE on 4

July 2014 requires PRC residents with overseas special purpose vehicles (which refer to offshore entities set up or controlled by PRC residents with the aim of investment or financing), to file a Foreign Exchange Registration Form of Overseas Investments Contributed by Domestic Individual Residents and register with local banks designated by local SAFE departments, and to update SAFE's records in the event of any major change in capital, including increases and decreases of capital, share transfers, share swaps, mergers or divisions.

Due to the uncertainty concerning the reconciliation of the notices with other approval requirements, it remains unclear how the SAFE Circular and any future legislation concerning offshore or cross-border transactions will be interpreted, amended and implemented by the relevant PRC governmental authorities. Any failure by our PRC shareholders to register with SAFE or update SAFE's records may result in the prohibition of distributions or contributions from capital reductions, share transfers or liquidations of our PRC subsidiaries and may affect our ownership structure, acquisition strategy, business operations and ability to make dividend payments to our shareholders.

All employee participants in our share incentive plans who are PRC residents might be required to register with the SAFE, and we might also face regulatory uncertainties that could restrict our ability to adopt option plans for our Directors and employees under PRC law

The Implementation Rules of the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法實施細則) revised by SAFE on 29 May 2016 and 23 March 2023, separately, require PRC individuals who are granted shares or share options pursuant to an employee share option or share incentive plan by an overseas-listed company, to apply for approvals from SAFE or a local SAFE department. On 15 February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the “**Share Option Rules**”), which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Ownership Plans or Share Option Plans of Overseas Publicly-Listed Companies (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued by SAFE on 28 March 2007. Under these rules, PRC residents who participate in a share incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain procedures as required by the authorities. Participants of a share incentive plan who are PRC residents shall retain a qualified PRC agent, which shall be one domestic company participating in a share incentive programme or another domestic entity that may handle the business of assets custody and selected by the domestic company according to law to conduct the SAFE registration and other procedures with respect to the share incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding shares or interests and fund transfers. In addition, the PRC agent is required to handle the registration of change with the local SAFE department with respect to the share incentive plan if there is any material change to the share incentive plan, change in the PRC agent or the overseas entrusted institution or any other material changes.

We and our PRC resident employees participating in our share option scheme, and employee pre-IPO incentive scheme (although not a share option plan in nature), might be subject to the Share Option Rules. Failure to comply with the Share Option Rules and other

relevant rules might subject us or such PRC resident employees to fines and other legal or administrative sanctions and impose restrictions on the execution of our share option scheme and employee pre-IPO incentive scheme, which could negatively affect our business operations.

The political relationships between China and other countries may affect the performance of our operations

We sell automobiles, spare parts and accessories supplied by a number of automobile manufacturers and suppliers. A significant number of the automobile manufacturers and suppliers are foreign entities with headquarters in Germany, the United States, the United Kingdom or Japan, or are joint ventures incorporated in the PRC by such foreign entities. Accordingly, the PRC's political relationships with other countries, particularly those related to or associated with automobile manufacturers or suppliers, may affect both supply and demand for the relevant automobile manufacturer's or supplier's products. There can be no assurance that PRC consumers will not alter their brand perception or preferences as a result of adverse changes to the state of political relationships between the PRC and other relevant countries.

The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs and other barriers on certain industries and products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. There are uncertainties as to when and whether the trade disputes will be resolved and the trade barriers lifted. The trade war between the United States and China has resulted in disruption to global trade flows, global production and supply chains; and it also increased volatility in the financial markets around the world. In addition, the European Union-China relations have become increasingly complex with bilateral relations marked by challenges related to market access and investment as well as key foreign and security policy issues. The EU has sought to take steps to remedy what it sees as an uneven playing field, by reducing critical dependencies and vulnerabilities in its supply chains.

These events have resulted in fluctuations in the global debt and equity markets as the amicable resolution of such a trade war remains elusive. The uncertainty before, during and after the period of such trade war may create a negative economic impact and increase volatility in global markets, which may result in adverse changes to PRC consumer sentiments and cause a decline in our sales and revenue and materially and adversely affect our business, financial condition, results of operations and growth prospects.

RISKS RELATING TO THE BONDS

The Bonds may not be a suitable investment for all investors

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

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

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

A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments

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

The Company 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

The Company will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. 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 what investors in the Bonds are accustomed to.

Bondholders may be subject to tax

Prospective investors of the Bonds are advised to consult their own tax advisors concerning the overall tax consequences of the purchase, ownership or disposition of the Bonds. See “*Taxation*” for a discussion of tax consequences in certain jurisdictions.

The Company may not have the ability to redeem the Bonds

Bondholders may require the Company, subject to certain conditions, to redeem for cash all or some of their Bonds upon an event constituting a change of control or otherwise as described under the heading “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for a Change of Control Triggering Event*”. The Company

may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Company's ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Company would constitute an event of default under the Bonds, which may also constitute a default under the terms or other indebtedness held by the Company.

Under the EIT Law, we may be classified as a “resident enterprise” of China. Such classification could result in unfavourable tax consequences to us and our non-PRC bondholders

The Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) (the “EIT Law”) was revised on 24 February 2017 and further on 29 December 2018 by the Standing Committee of the National People's Congress and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅實施條例) (the “Implementation Regulations”) was revised on 23 April 2019 by the PRC State Council. Under the EIT Law, an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) with “de facto management bodies” within China is considered a “resident enterprise” and will generally be subject to a uniform 25% Enterprise Income Tax (the “EIT”) on their worldwide income. The Implementation Regulations of the EIT Law define “de facto management” as substantial and overall management and control over the business, personnel, accounts and properties” of the enterprise. Substantially all of our management is currently based in China and is expected to remain in China. Therefore, we may be treated as a PRC resident enterprise for EIT purposes and thus be subject to enterprise income tax at a rate of 25% on our worldwide income. However, investment gains derived by a resident enterprise through direct investment in another PRC resident enterprise can be exempted. The tax consequences to us in the case that we are treated as a PRC resident enterprise are not entirely clear, as they will depend on the Implementation Regulations and how local tax authorities apply or enforce the EIT Law and the Implementation Regulations.

Furthermore, if we are treated as a PRC “resident enterprise”, interest we pay on the Bonds to non-PRC bondholders, as well as any capital gains realised by such bondholders on the sale of Bonds, may be treated as PRC-source income. Accordingly, we may be required to withhold PRC income tax from interest or dividends paid to non-PRC resident bondholders, and transfers of Bonds by such bondholders may be subject to PRC income tax. Such tax on the income of non-resident enterprise bondholders would be imposed at a rate of 10% (and may be imposed at a rate of 20% in the case of non-resident individual bondholders), subject to the provisions of any applicable tax treaty. If we are required to withhold PRC income tax on interest or dividends paid to our non-resident bondholders, or if you are required to pay PRC income tax on the transfer of the Bonds, the value of your investment in the Bonds may be materially and adversely affected.

There can be no assurance that the PRC government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as an indicator of our future performance. If such changes occur and/or if such changes are applied retroactively, such changes could materially and adversely affect our results of operations and financial condition.

We may be able to redeem the Bonds, as a whole but not in part, upon certain changes in the tax laws with respect thereto

As described above, we may be required to withhold PRC taxes from payments on the Bonds if we are treated as a PRC tax resident enterprise. As described, and subject to the limitations set forth in “*Terms and Conditions of the Bonds — Redemption for Taxation Reasons*” in the event that we are required to pay Additional Tax Amounts due to certain changes in tax law, including as a result of any change in, or amendment to, the laws, regulations or rulings (including a holding by a court of competent jurisdiction) of any Relevant Tax Jurisdiction, or the general application or official interpretation of or the standing of an official position with respect to such laws, regulations or rulings, we may be able to redeem the Bonds, as a whole but not in part, at their principal amount.

The Bonds may be redeemed at the Company’s option

The Company has the right to redeem the Bonds, in whole, but not in part, at any time prior to 30 December 2027, on giving not less than 15 business days’ nor more than 60 days’ notice to the Bondholders (the “**Option Redemption Notice**”) (which notice shall be irrevocable) at the Make Whole Price (as defined in the Terms and Conditions of the Bonds) as at, and together with interest accrued to (but excluding), the redemption date specified in the Option Redemption Notice. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Make-whole Redemption*”. Furthermore, the Bonds may be redeemed at the option of the Company in whole, but not in part, on 30 December 2027, on giving not less than 15 business days’ nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at 100 per cent. of their principal amount, and together with interest accrued to (but excluding) such date. See “*Terms and Conditions of the Bonds — Redemption and Purchase Redemption at the Option of the Company*”. The date and amount that the Company elects to redeem the Bonds may not accord with the preference of individual holders, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the Bonds. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective yield at the same level as that of the Bonds.

The NDRC Administrative Measures is a recent regulation, which may affect the enforceability and/or effective performance of the Bonds

According to the NDRC Administrative Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a term of more than one year issued or incurred outside the PRC with the NDRC prior to the issue of the securities or drawings under the loans, and notify the particulars of the relevant issues or drawings within 10 working days after the completion of the issuance. In addition to the above-mentioned pre-issuance registration requirements and the post-issue filing obligations, domestic enterprises are subject to further reporting obligations under the NDRC Administrative Measures. According to the NDRC Administrative Measures, enterprises are required, among others, to (i) report on the status of the foreign debt within 10 working days after the expiration of the relevant registration certificate, (ii) report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five working days prior to the end of January and July each year, and (iii) promptly report on any material event that may affect the due performance of their debt obligations. The NDRC Administrative Measures sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail

to comply with the relevant requirements. According to the NDRC Administrative Measures, for any enterprise that fails to report relevant information according to the NDRC Administrative Measures, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on such enterprise concerned and its principal responsible person. Furthermore, conducts in violation of the NDRC Administrative Measures committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). In the worst-case scenario, it might become unlawful for the Issuer to perform or comply with any of their respective obligations under the Bonds and the Trust Deed.

The NDRC Administrative Measures is a recent regulation, and its interpretation and implementation may involve a certain degree of executive and policy discretion by the NDRC. There is also risk that the registration approval with the NDRC may be revoked or amended in the future or that future changes in PRC laws and regulations may have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from those of other jurisdictions with which the holders of the Bonds are familiar

Because the Company is incorporated under the laws of the Cayman Islands, any insolvency proceeding relating to the Company may involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

The Company conducts substantially all of its business operations through PRC-incorporated subsidiaries in the PRC. The Company's PRC subsidiaries are subject to the bankruptcy and insolvency laws of the PRC. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyse the risks and uncertainties carefully before investing in the Company's Bonds.

If the Company is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated

If the Company is unable to comply with the restrictions and covenants in its current or future debt agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Company, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, the Company's 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 its other debt agreements. If any of these events occur, there is no assurance that the Company's assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Company would be able to find alternative financing. Even if the Company could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Company.

An active 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 for the listing of the Bonds will be submitted to the Hong Kong Stock Exchange, there is no assurance that the Company will be able to maintain a listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's business, and the trading prices of similar securities. The Joint Lead Managers are not obliged to make a market for the Bonds. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds.

If an active trading market were to develop, the Bonds could trade at a price that may be lower than the initial offering price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Company's financial condition, financial performance and future prospects;
- the publication of earnings estimates or other research reports and speculation in the press;
- investment community in relation to the Company; and
- changes in the industry and competition affecting the Company.

One or more initial investors may purchase a substantial portion of the Bonds and may therefore be able to exercise certain rights and powers on its own which will be binding on all holders. Additionally, this may reduce the liquidity of the Bonds in the secondary trading market

One or more initial investors may purchase a substantial portion of the aggregate principal amount of the Bonds in this offering. Any holder of a substantial portion of the aggregate principal amount of the Bonds will be able to exercise certain rights and powers on its own under the Conditions and Trust Deed, which will be binding on Bondholders. For example, the Bonds and the Trust Deed may be amended with the consent of the holders of a substantial portion of the aggregate principal amount of the Bonds, and any Event of Default or non-compliance with any provision of the Conditions and the Trust Deed may be waived with the consent of the holders of a substantial portion of the aggregate principal amount of the Bonds, subject in each case to certain exceptions in connection with the reserved matters set forth in the Trust Deed. Subject to certain exceptions, a holder of the relevant percentage of Bonds outstanding may by way of written resolutions in accordance with the Trust Deed direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. Further, any holder of a significant percentage of the Bonds, even if less than a majority,

will be able to exercise certain rights and powers and will have significant influence on matters voted on by Bondholders. Additionally, the existence of any such significant Bondholder may reduce the liquidity of the Bonds in the secondary trading market.

Credit ratings may not reflect all risks

The Bonds are expected to be assigned a rating of “BBB” by S&P. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency in the future. Each rating should be evaluated independently of the other rating.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group’s 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 its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

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

In certain circumstances, including without limitation the giving of notice to the Company pursuant to Condition 15 of the Conditions and/or the taking of enforcement proceedings pursuant to Condition 11 of the Conditions, the Trustee may request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee will not be bound to take any such actions, steps and/or institute proceedings unless (i) it 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 or shall have been so directed by an Extraordinary Resolution of the Bondholders, and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law or regulations, it will be for the Bondholders to take such actions directly.

The Bonds are unsecured obligations

The Bonds constitute direct, unconditional, unsubordinated and subject to Condition 4 (see “*Terms and Conditions of the Bonds — Covenants*”) unsecured obligations of the Company ranking *pari passu* and without any preference or priority among themselves. The payment

obligations of the Company under the Bonds, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4 (see “*Terms and Conditions of the Bonds — Covenants*”), at all times rank at least equally with all the Company’s other present and future unsecured and unsubordinated obligations. The repayment of the Bonds may be compromised if:

- (a) the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- (b) there is a default in payment under the Group’s future secured indebtedness or other unsecured indebtedness; or
- (c) there is an acceleration of any of the Group’s indebtedness.

If any of the above events occurs, the Group’s assets may not be sufficient to pay amounts due on the Bonds.

The Company’s subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Company and its subsidiaries

As a holding company, the Company depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, including its PRC subsidiaries, to pay dividends to the Company’s shareholders and to satisfy its obligations, including its obligations under the Bonds. The ability of the Company’s 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 these subsidiaries, applicable laws and regulations (including but not limited to laws and regulations related to capital contributions or loans that the Company, as an offshore entity, make to our PRC subsidiaries that are foreign-invested enterprises and SAFE registration and/or filing regimes) and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of the Company’s 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 the Company to make payments due on the Bonds or pay dividends to its shareholders. These restrictions could reduce the amounts that the Company receives from its subsidiaries, which would restrict the Company’s ability to meet its payment obligations under the Bonds.

As a result of the foregoing, there is no assurance that the Company will have sufficient cash flow from dividends or payments on intercompany loans or advances from its subsidiaries to satisfy its obligations under the Bonds.

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

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer’s existing and future subsidiaries whether or not secured. The Bonds will not be guaranteed by any of the Issuer’s subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The

ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer's subsidiaries, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer may in the future acquire or establish.

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

Modification and waivers of the Conditions may be made in respect of the Conditions and the Trust Deed by majority Bondholders or the Trustee, and decisions may be made on behalf of all Bondholders that which are binding on all Bondholders and may be adverse to the interests of the individual Bondholders

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

The Conditions also provide that the Trustee may, without the consent of Bondholders, agree to:

- (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or the Conditions that is, in the Trustee's opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law; and
- (b) any other modification (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 Conditions, the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders.

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

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

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

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

The Issuer may issue additional Bonds in the future

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

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

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

Additional procedures may be required to effect service of process upon, or to enforce against, us or our Directors or members of our senior management who reside in the PRC in connection with judgments obtained in non-PRC courts

Almost all of our assets and our subsidiaries are located in China. In addition, most of our Directors and senior management reside within China, and the assets of our Directors and senior management may also be located within China. As a result, additional procedures may be required to effect service of process outside China upon most of our Directors and senior management, including for matters arising under applicable securities laws. Moreover, a judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other

requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions is uncertain.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds.

The issue of the U.S.\$600,000,000 in aggregate principal amount of 5.98 per cent. bonds due January 2028 (the “**Bonds**”) and any further bonds issued in accordance with Condition 14 and consolidated and forming a single series therewith) of Zhongsheng Group Holdings Limited 中升集團控股有限公司 (the “**Company**”) was authorised by resolutions of the board of directors of the Company passed on 19 July 2024. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the “**Trust Deed**”) dated on or about 30 July 2024 (the “**Issue Date**”) made between the Company and The Bank of New York Mellon, London Branch as trustee for the holders (as defined below) of the Bonds (the “**Trustee**”, which expression shall include all persons for the time acting as trustee or trustees under the Trust Deed). These terms and conditions (the “**Conditions**”) include summaries of which and are subject to the detailed provisions of the Trust Deed. The Bondholders (as defined below) 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 agency agreement dated on or about 30 July 2024 (the “**Agency Agreement**”) relating to the Bonds made between the Company, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”) and transfer agent and the other paying and transfer agents appointed under it (each a “**Paying Agent**”, “**Transfer Agent**” and together with the Registrar and the Principal Paying Agent, the “**Agents**”) relating to the Bonds. References to the “**Principal Paying Agent**”, “**Registrar**” and “**Agents**” below are references to the principal paying agent, registrar and agents for the time being for the Bonds.

Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding during usual business hours at the principal office for the time being of the Trustee (presently at 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom) and at the specified offices for the time being of each of the Agents. The Bondholders are entitled to the benefit of and are bound by all provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company 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 the Company’s other present and future unsecured and unsubordinated obligations.

2. Form, Denomination and Title

- (a) *Form and Denomination:* The Bonds are in registered form in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof (the “**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 Company will procure to be kept by the Registrar.

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

- (b) *Title:* Title to the Bonds passes 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 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. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered (or in the case of a joint holding, the first named thereof).

3. Transfers of Bonds; Issue of Certificates

- (a) *Register:* The Company will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.
- (b) *Transfer:* Subject to Conditions 3(e) and 3(f) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of such Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of the transfer; *provided, however, that* a Bond may not be transferred unless the principal amount of the Bond transferred and (where not all of the Bonds held by the holder are being transferred) the principal amount of the balance of the Bonds not so transferred, is an Authorised Denomination. Where not all Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of a Bond will be valid unless and until entered on the Register.

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

- (c) *Delivery of New Certificates:* Each new Certificate to be issued upon a transfer of Bonds will, within five business days (as defined below) of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant 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 Company's expense) to the address specified in the form of transfer.

*Except in the limited circumstances described herein (see “**The Global Bond Certificate**”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form.*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred or redeemed, a new Certificate in respect of the Bonds not so transferred or redeemed will 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 or redeemed (but free of charge to the holder and at the Company's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3, “**business day**” shall mean a day other than a Saturday, Sunday or public holiday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer) or the Transfer Agent with whom a Certificate is deposited in connection with a transfer, is located.

- (d) *Formalities Free of Charge:* Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Company, the Registrar or any of the Transfer Agents, but (i) upon payment (or the giving of such indemnity as the Company, the Registrar or such Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer and (ii) subject to Conditions 3(e) and 3(f).
- (e) *Closed Periods:* No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal, premium (if any) or interest pursuant to the Conditions; (ii) after a Change of Control Redemption Notice (as defined in Condition 7(c)) has been deposited by such Bondholder in respect of such Bond pursuant to Conditions 7(c); and (iii) during the period of seven days ending on (and including) any date of redemption pursuant to Conditions 7(b). Each such period is a “**Closed Period**”.

- (f) *Regulations:* All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Company, with the prior written approval of the Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding.

4. Covenants

- (a) *Negative Pledge:* So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall not, and the Company shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith or (b) providing such other security for the Bonds as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.
- (b) *Undertakings relating to the NDRC:* The Company undertakes to submit or cause to be submitted the requisite information and documents to the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) pursuant to the Administrative Measures for the Review and Registration of Medium- and Long- Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the “**NDRC Administrative Measures**”) issued by the NDRC and effective from 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith issued by the NDRC from time to time, including but not limited to, filing with the NDRC the offering information and issue details of the Bonds within ten PRC Business Days after the Issue Date (the “**NDRC Post-issue Filing**”), and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

The Company shall within ten PRC Business Days after submission of such NDRC Post-issue Filing provide the Trustee with a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Company confirming the submission of the NDRC Post-issue Filing. The Company shall within ten PRC Business Days after submission of such NDRC Post-issue Filing give notice to the Bondholders (in accordance with Condition 15) confirming the completion of the NDRC Post-issue Filing. The Trustee shall have no obligation to monitor or assist with or 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 Bondholders or any other person for not doing so.

- (c) *Rating maintenance*: So long as any Bond remains outstanding, the Company shall use reasonable endeavours to maintain a rating on the Bonds by any one of the Rating Agencies.

In these Conditions:

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

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

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

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

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

- (a) whose total revenue (consolidated in the case of a Subsidiary which has Subsidiaries) as shown by its latest audited income statement is at least 2 per cent. of the consolidated total revenue as shown by the latest published audited income statement of the Company and its consolidated Subsidiaries;
- (b) whose gross profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement, is at least 2 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Company and its consolidated Subsidiaries,

including for the avoidance of doubt, the Company and its consolidated Subsidiaries' share of profits of subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

- (c) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited balance sheet, are at least 2 per cent. of the consolidated total assets of the Company and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Company and its consolidated Subsidiaries, including, for the avoidance of doubt, the investment of the Company and its consolidated Subsidiaries in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Company and of associated companies and after adjustment for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, whereupon the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall immediately become a Principal Subsidiary, provided that on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Company prepared as of a date later than such transfer are issued, whether or not such transferor Subsidiary or transferee Subsidiary would continue to be a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of (a), (b) or (c) above;

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

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

- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Company, 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 Company;

A certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Company stating that, in its opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

“**PRC**” the People’s Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

a “**Rating Agency**” means (1) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (“**Moody’s**”); or (2) Fitch Ratings, Inc., and its successors (“**Fitch**”); or (3) S&P Global Ratings, a division of S&P Global Inc., and its successors (“**S&P**”); or (4) an internationally recognised rating agency selected by the Company;

“**Relevant Indebtedness**” means any Indebtedness incurred outside of the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), and for the avoidance of doubt, the definition of “**Relevant Indebtedness**” shall not include any loans raised by the Company or any of its Subsidiaries under a bilateral or syndicated loan agreement;

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

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

In this Condition 4, “**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

5. Interest

The Bonds bear interest from and including 30 July 2024 (the “**Issue Date**”) at the rate of 5.98 per cent. per annum, (the “**Rate of Interest**”) payable semi-annually in arrear in equal instalments on 30 January and 30 July in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*) commencing 30 January 2025.

Each Bond will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of principal in respect of the Bonds is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day falling seven days after the Principal Paying Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to that seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.\$29.9 in respect of each Bond of U.S.\$1,000 denomination (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any other period shall be equal to the product of the Rate of Interest, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

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

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

6. Payments

(a) Principal

Payment of principal, premium (if any) and interest will be in U.S. dollars and will be made by 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 Agents.

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

(b) Registered Accounts

For the purposes of this Condition, a Bondholder's registered account means the United States dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(c) Fiscal Laws

All payments in respect of 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 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) 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

Payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the 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 business day, if the Bondholder is late in surrendering its Certificate (if required to do so).

(f) Business Day

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

7. Redemption, Purchase and Cancellation

(a) Maturity

Unless previously redeemed, or purchased and cancelled as provided herein, the Company will redeem each Bond at its principal amount on 30 January 2028 (the “**Maturity Date**”). The Company may not redeem the Bonds at its option prior to that date except as provided in Condition 7(b) below (but without prejudice to Condition 9).

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 15 business days’ (as defined in Condition 6(f)) nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 15 (which notice shall be irrevocable) at 100 per cent. of their principal amount and together with interest accrued to (but excluding), the redemption date if (A) the Company has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations or rulings (including a holding by a court of competent jurisdiction) of any Relevant Tax Jurisdiction (as defined in Condition 8), or any change in the general application or official interpretation of or the standing of an official position with respect to, such laws, regulations or rulings, which change or amendment becomes effective, or official position is announced, on or after 23 July 2024, and (B) such obligation cannot be avoided by the Company taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Company shall deliver to the Trustee (a) a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Company stating that the obligation referred to above cannot be avoided by the Company taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) and it shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to any Bondholder or any person for so accepting and relying on such certificate or opinion. Upon the expiry of the Tax Redemption Notice, the Company will be bound to redeem the Bonds on the date fixed for redemption.

(c) Redemption for Change of Control Triggering Event

Following the occurrence of a Change of Control Triggering Event, the holder of each Bond will have the right at such holder’s option, to require the Company to redeem all or some only (subject to the principal amount of such holder’s Bonds redeemed and the principal amount of the balance of such holder’s Bonds not redeemed being an Authorised Denomination) of such holder’s Bonds on the

Change of Control Redemption Date at 101 per cent. of their principal amount and together with interest accrued to (but excluding), the Change of Control Redemption Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, specifying the number of Bonds to be redeemed and the Change of Control Triggering Event that has occurred (“**Change of Control Redemption Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than (a) 30 days following a Change of Control Triggering Event, or, if later, (b) 30 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with Condition 15. The “**Change of Control Redemption Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to in (a) and (b) above.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Company’s consent and the Company shall redeem the Bonds the subject of the Change of Control Redemption Notice as aforesaid on the Change of Control Redemption Date. The Company shall give notice to Bondholders in accordance with Condition 15 and notice in writing to the Trustee and the Principal Paying Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control Triggering Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 7(c) and shall give brief details of the Change of Control Triggering Event.

None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to a Change of Control Triggering Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Company. The Trustee and the Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights in accordance with Condition 7(c) has occurred. None of the Trustee or the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 7(c) and will not be responsible to Bondholders for any loss arising from any failure by it to do so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 7(c) or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

(d) Make-whole Redemption

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time prior to 30 December 2027, on giving not less than 15 business days’ (as defined in Condition 6(f)) nor more than 60 days’ notice to the Bondholders (an “**Option Redemption Notice**”) (which notice shall be irrevocable) at a Make Whole Price as of, and together with interest accrued to (but excluding), the redemption date (the “**Option Redemption Date**”) specified in the Option Redemption Notice.

In this Condition 7(d):

“Adjusted Treasury Rate” means, with respect to any Option Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date;

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to 30 January 2028 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity most nearly equal to 30 January 2028;

“Comparable Treasury Price” means, with respect to any Option Redemption Date, (a) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third New York business day preceding such Optional Redemption Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities”; (b) if such release (or any successor release) is not published or does not contain such prices on such New York business day, (i) the average of the Reference Treasury Dealer Quotations for such Option Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations and (c) if the Comparable Treasury Price cannot be determined in accordance with the above provisions, as determined by the Independent Investment Bank;

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected and appointed by the Company at their expense and notified to the Trustee and the Principal Paying Agent in writing;

“Make Whole Price” means, with respect to a Bond at any redemption date, the amount calculated by the Independent Investment Bank that is the greater of (1) the present value of the principal amount of such Bond, plus all required remaining scheduled interest payments due on such Bond from the Option Redemption Date to the Maturity Date (but excluding accrued and unpaid interest to the Option Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 30.0 basis point, and (2) the principal amount of such Bonds, which amount shall be notified in writing by the Independent Investment Bank to the Trustee, the Principal Paying Agent and the Company;

“Reference Treasury Dealer” means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer, selected by the Company and notified in writing to the Trustee and Principal Paying Agent; and

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Option Redemption Date, the average as determined by the Independent Investment Bank, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Independent Investment Bank by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third New York business day immediately preceding such Option Redemption Date.

(e) Redemption at the Option of the Company

The Bonds may be redeemed at the option of the Company in whole, but not in part, on 30 December 2027, on giving not less than 15 business days’ (as defined in Condition 6(f)) nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) at 100 per cent. of their principal amount, and together with interest accrued to (but excluding) such date.

(f) Purchase

The Company or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(g) Cancellation

All Bonds which are redeemed or purchased by the Company or any of its Subsidiaries, will forthwith be cancelled. 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.

(h) Redemption Notices

All notices to Bondholders given by or on behalf of the Company pursuant to this Condition 7 will specify (i) the date for redemption, (ii) the manner in which redemption will be effected, and (iii) 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 Company or a Bondholder pursuant to this Condition), 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 hereunder.

In the case of a partial redemption of Bonds represented by the Global Bond Certificate, the Bonds to be redeemed will be selected on a pro rata basis in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate, in accordance with the rules of the clearing systems, not more than 60 days and not less than 15 business days (as defined in Condition 6(f)) prior to the date fixed for redemption.

(i) Definitions

For the purposes of this Condition 7:

“**Affiliate**” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person (ii) who is a director or officer of such Person or any Subsidiary of such Person or any Person referred to in clause (i) of this definition; or (iii) who is a direct family member of Mr. Huang Yi or Mr. Li Guoqiang, as applicable. For the purposes of this definition, “**control**” (including, with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the discretion of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

“**Capital Stock**” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock but excluding debt securities convertible into such equity;

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

- (i) the Permitted Holders jointly, directly or indirectly, cease to beneficially or legally own at least 40.0 per cent. of the Voting Rights of the issued share capital of the Company; or
- (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity;

a “**Change of Control Triggering Event**” means the occurrence of a Change of Control *provided that* if the Bonds are on the Rating Date rated by one or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Decline (as defined below) (such Change of Control and Rating Decline not having been cured prior to the expiry of the Change of Control Period). No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated;

“**Common Stock**” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares;

“**Control**” or used as a verb “**Control(s)**” means (a) the acquisition or holding of legal or beneficial ownership or control of more than 50.0 per cent. of the Voting Rights of the issued share capital of the Company, or (b) the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

“**Investment Grade**” means a rating of “Aaa”, “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns; a rating of “BBB-” or better by Fitch or any of its successors or assigns; or the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Moody’s or Fitch or any combination thereof, as the case may be;

“**Permitted Holders**” means any or all of the Permitted Huang Holders or Permitted Li Holders;

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

- (i) Mr. Huang Yi;
- (ii) the estate and any spouse or immediate family member of the Persons specified in clause (i) or the legal representatives of any of the foregoing, and for the avoidance of doubt, includes any trust for which Mr. Huang Yi, his spouse or immediate family member is a settlor or beneficiary;
- (iii) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) in the definition of Affiliate) of the Persons specified in clause (i) and (ii); and
- (iv) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are wholly owned by Persons specified in clauses (i), (ii) and (iii);

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

- (i) Mr. Li Guoqiang;
- (ii) the estate and any spouse or immediate family member of the Persons specified in clause (i) or the legal representatives of any of the foregoing, and for the avoidance of doubt, includes any trust for which Mr. Li Guoqiang, his spouse or immediate family member is a settlor or a beneficiary;
- (iii) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) in the definition of Affiliate) of the Persons specified in clause (i) and (ii); and
- (iv) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are wholly owned by Persons specified in clauses (i), (ii) and (iii);

“**Person**” includes any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof but does not include the Company’s directors or any other governing board and does not include the Company’s direct or indirect subsidiaries;

“**Preferred Stock**” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s preferred stock or preference shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such preferred stock or preference shares;

“**Rating Date**” means, in connection with a Change of Control Triggering Event, that date which is 90 calendar days prior to the earlier of (i) the occurrence of a Change of Control and (ii) a public notice of the occurrence of a Change of Control;

“**Rating Decline**” means the occurrence within six months after the date of public notice of the occurrence of a Change of Control by the Company (which period shall be extended so long as the rating of the Bonds is under publicly announced consideration for possible downgrade by any of the Rating Agencies) (the “**Change of Control Period**”) of any of the events listed below:

- (a) in the event the Bonds are rated by both of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by either Rating Agency shall be below Investment Grade;
- (b) in the event the Bonds are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by either Rating Agency shall be below Investment Grade; or
- (c) in the event the Bonds are rated by both of the Rating Agencies on the Rating Date as below Investment Grade, the rating of the Bonds by either Rating Agency shall be below Investment Grade,

provided that the Rating Agency making the reduction in rating announces or publicly confirms or informs the Company that the lowering of the rating or the failure to assign an investment grade rating was the result, in whole or in part, of the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Decline);

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

“**Voting Stock**” means, with respect to any Person, Capital Stock or 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. Taxation

All payments made by the Company under or in respect of the Bonds and the Trust Deed will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by (i) any jurisdiction where the Company is organised or otherwise considered by a taxing authority to be resident for tax purposes or any political organisation or governmental authority thereof or therein having power to tax or (ii) Hong Kong, or any political organisation or governmental authority thereof or therein having power to tax ((i) and (ii) each, a “**Relevant Tax Jurisdiction**”), unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Company will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (a) *Other connection:* to a Bondholder (or to a third party on behalf of a Bondholder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with a Relevant Tax Jurisdiction otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (b) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such Additional Tax Amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days;

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Company or the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

9. Events of Default

If any of the following events (each an “**Event of Default**”) occurs and is continuing, the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in either case to being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give written notice to the Company that the Bonds are, and they shall immediately become due and repayable at their principal amount together with accrued interest without further action or formality (subject as provided below) if:

- (a) *Non-Payment*: there is a default in the payment of any principal, interest or premium due in respect of the Bonds on the due date for such payment and the default continues for a period of 7 days;
- (b) *Breach of Other Obligations*: the Company does not perform or comply with one or more of its other obligations in the Bonds, the Trust Deed or the Agency Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Company by the Trustee;
- (c) *Cross-default of Company or Principal Subsidiary*:
 - (i) any Indebtedness of the Company or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
 - (iii) the Company or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph 9(c) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent in any other currency or currencies;

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment is rendered against the Company or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment;
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Company or any of its Principal Subsidiaries;
- (f) *Insolvency, etc.*: (i) the Company or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made and such application is not discharged or stayed within 14 days) in respect of the Company

or any of its Principal Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Company or any of its Principal Subsidiaries, (iii) the Company or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it and such action is not discharged or stayed within 14 days or (iv) the Company or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Principal Subsidiary of the Company, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);

- (g) *Winding up, etc.*: an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Company or any of its Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary of the Company, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);
- (h) *Analogous event*: any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above;
- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bond Certificates and the Trust Deed admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done;
- (j) *Unlawfulness*: it is or will become unlawful for the Company to perform or comply with any of its obligations under or in respect of the Bonds or the Trust Deed; or
- (k) *Government intervention*: (i) all or a material part of the undertaking, assets and revenues of the Company or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Company or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues.

None of the Trustee or any of the Agents shall be responsible for the performance by the Company and any other person appointed by the Company or the Company in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and the Trustee and the Agents need not do anything to ascertain whether an Event of Default has occurred or is continuing and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so, and unless the Trustee or any Agent has received written notice from the Company to the contrary, the Trustee and each Agent shall assume that the same are being duly performed.

10. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years from the relevant date (as defined in Condition 8) in respect thereof.

11. Enforcement

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such actions, steps and/or institute such proceedings against the Company as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed but it will not be bound to take any such actions or proceedings unless (i) it 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 or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Company unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

12. Meetings of Bondholders, Modification, Waiver and Substitution

(a) Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed and the Agency Agreement. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 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 so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity, (ii) to modify the due date for any payment in respect of the Bonds, (iii) to reduce or cancel the amount of principal, premium (if any) or interest payable in respect of the Bonds, (iv) to change the currency of payment of the Bonds, (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or (vi) to amend this definition (each a “**Reserved Matter**”), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

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 outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

So long as the Bonds are evidenced by the Global Bond Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Bondholders of not less than 90 per cent in aggregate principal amount of the Bonds for the time being outstanding.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except for Reserved Matters in Condition 12(a) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Company to the Bondholders as soon as practicable thereafter in accordance with Condition 15.

(c) Directions from Bondholders

None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed 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 or clarification of directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications or in the event that no such directions or clarifications are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed or these Conditions.

(d) Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Company or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 8 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(e) Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not obtained by or addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

13. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. Further Issues

The Company may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest and the timing for submitting the NDRC Post-issue Filing) so as to be consolidated and form a single series with the Bonds. The Company may from time to time create and issue other series of bonds having the benefit of the Trust Deed, provided that such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

15. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar 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(s) of such publication(s) and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Bond Certificate and the Global Bond Certificate is held on behalf of Euroclear or Clearstream or any alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or any alternative clearing system for communication by it to entitled account holders in substitution for notification as required by these Conditions.

16. Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Company reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Company will at all times maintain (a) a Principal Paying Agent and (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Paying Agent will be given promptly by the Company to the Bondholders and in any event not less than 45 days' notice will be given.

17. Indemnification of the Trustee

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

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed 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.

19. Governing Law and Submission to Jurisdiction

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 the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Company has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of the courts of England and in relation thereto has appointed Cogency Global (UK) Limited now at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX, as its agent for service of process in England.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

The Bonds will be represented by a Global Bond Certificate which will be registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Bond Certificate, the Issuer, for value received, promises to pay such principal sum to the holder on 30 January 2028 or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest (if any) on such principal sum in arrear on the dates and at the rate specified in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Bond Certificate, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Bond Certificate will become exchangeable in whole (but not in part) for individual certificates (“**Individual Bond Certificates**”) if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

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

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

MEETINGS

The registered holder of the Global Bond Certificate will (unless the Global Bond Certificate represents only one Bond) be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.\$200,000 in principal amount of Bonds for which the Global Bond Certificate is issued. The Trustee may allow any accountholder (or the representative of such person) of a clearing system entitled to Bonds in respect of which the Global Bond Certificate has been issued to attend and speak (but not to vote) at a meeting of Bondholders on appropriate proof of his identity.

RECORD DATE

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

NOTICES

Notwithstanding Condition 15 (*Notices*), so long as the Global Bond Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”), notices to holders of Bonds represented by the Global Bond Certificate may be given by delivery of the relevant notice to Euroclear or Clearstream or (as the case may be) such Alternative Clearing System rather than by mail or publication as aforesaid. Any such notice will be deemed to have been given at 1700 hours on the day.

PAYMENT BUSINESS DAY

In relation to payments made in respect of the Global Bond Certificate, so long as the Global Bond Certificate is held on behalf of Euroclear, Clearstream or (as the case may be) an Alternative Clearing System, the definition for “**business day**” in Condition 6(f) (*Payments — Business Day*) shall be amended and shall be any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City, London and Hong Kong.

DETERMINATION OF ENTITLEMENT

The Global Bond Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the holder is entitled to payment in respect of the Global Bond Certificate.

TRANSFER

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

EXERCISE OF PUT OPTION

In order to exercise the option contained in Condition 7(c) (*Redemption, Purchase and Cancellation — Redemption for Change of Control Triggering Event*) of the Conditions (a “**Put Option**”), the Holder must, within the period specified in the Conditions for the deposit of the relevant Bond Certificate and put notice, give written notice of such exercise to the Principal Paying Agent in accordance with the rules and procedures of Euroclear and Clearstream and any Alternative Clearing System, as applicable, specifying the principal amount of Bonds in respect of which the Put Option is being exercised. Subject to the Conditions, any such notice shall be irrevocable and may not be withdrawn.

EXERCISE OF CALL OPTION

In order to exercise the option contained in Condition 7(b) (*Redemption, Purchase and Cancellation — Redemption for Taxation Reasons*), Condition 7(d) (*Redemption, Purchase and Cancellation — Make-whole Redemption*) and Condition 7(e) (*Redemption, Purchase and Cancellation — Redemption at the Option of the Company*) of the Conditions (each, a “**Call Option**”), the Issuer must give within the period specified in the Conditions notice of such exercise to the Bondholders, the Trustee and the Agents in accordance with the rules and procedures of Euroclear and Clearstream and any Alternative Clearing System, as applicable, specifying the principal amount of the Bonds in respect of which the Call Option is being exercised. Subject to the Conditions, any notice shall be irrevocable and may not be withdrawn.

ELECTRONIC CONSENT AND WRITTEN RESOLUTION

While any Global Bond Certificate is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Bonds outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, (a) by accountholders in the clearing system(s) with entitlements to such Global Bond Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream or any other relevant alternative clearing system and, in the case of (b) above, the relevant clearing system and the

accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Bondholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or EasyWay or Clearstream's CreationOnline or Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Bonds is clearly identified together with the amount of such holding. None of the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The gross proceeds from the issue of the Bonds will amount to U.S.\$594.81 million. The net proceeds from the issue of the Bonds after deduction of commission and expenses will be used for refinancing existing offshore indebtedness (including without limitation, for funding the purchase of the 2026 Bonds tendered pursuant to the Tender Offer).

EXCHANGE RATES

PRC

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. The floating band was further widened to 1.0 per cent. on 16 April 2012 and to 2.0 per cent. on 14 March 2014.

On 11 August 2015, 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 PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In the second half of 2018 and in 2019 up to the date of this Offering Circular, Renminbi has depreciated against the U.S. dollars.

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

	Noon Buying Rate ⁽¹⁾			
	Period End	Average ⁽²⁾	High	Low
2014	6.2046	6.1620	6.2591	6.0402
2015	6.4778	6.2827	6.4896	6.1870
2016	6.9430	6.6400	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0896	7.3430	6.7010
2024				
January	7.1673	7.1707	7.1961	7.1426
February	7.1977	7.1935	7.1982	7.1799
March	7.2203	7.2015	7.2289	7.1804
April	7.2401	7.2374	7.2464	7.2305
May	7.2410	7.2327	7.2494	7.2071
June	7.2672	7.2547	7.2688	7.2392

Notes:

- (1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

- (2) Annual averages have been calculated from month-end rates. Monthly averages have been calculated using the average of the daily rates during the relevant month.

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 pegged to the U.S. dollar at the rate of HK\$7.80 to U.S.\$1.00. The central element in the arrangements which gave effect to the peg is that, by agreement between the Hong Kong Special Administrative Region government and the three Hong Kong banknote issuing banks (namely, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and the Bank of China Limited), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in U.S. dollars at the fixed exchange rate of HK\$7.80 to U.S.\$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent U.S. dollars at the fixed rate.

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 which applies to the issue of the Hong Kong currency in the form of banknotes, as described above, the market exchange rate has not deviated materially from the level of HK\$7.80 to U.S.\$1.00 since the peg was first established. However, 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 Special Administrative Region government has stated its intention to maintain the link at that rate and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong Special Administrative Region 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 Special Administrative Region government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar, or at all.

The following table sets forth the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board for the periods indicated:

	Noon Buying Rate⁽¹⁾			
	Period End	Average⁽²⁾	High	Low
2014	7.7531	7.7545	7.7669	7.7495
2015	7.7507	7.7524	7.7686	7.7495
2016	7.7534	7.7620	7.8270	7.7505
2017	7.8128	7.7926	7.8499	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	7.7996	7.7727	7.8034	7.7515
2022	7.8015	7.8306	7.8499	7.7693
2023	7.8109	7.8292	7.8499	7.7920
2024				
January	7.8175	7.8164	7.8263	7.8065
February	7.8286	7.8223	7.8286	7.8185
March	7.8259	7.8230	7.8289	7.8198
April	7.8210	7.8305	7.8368	7.8210
May	7.8199	7.8115	7.8234	7.7979
June	7.8083	7.8100	7.8198	7.8042

Notes:

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

CAPITALISATION AND INDEBTEDNESS

CAPITALISATION OF THE GROUP

The following table sets out the consolidated capitalisation and indebtedness of the Group under HKFRS as at 31 December 2023, and as adjusted to give effect to the issue of the Bonds. The table should be read in conjunction with the published audited consolidated financial information for the year ended 31 December 2023 and the related notes thereto, which are incorporated by reference into this Offering Circular.

The as adjusted information below is illustrative only and does not take into account any changes in the consolidated capitalisation and indebtedness of the Group after 31 December 2023 other than to give effect to the issue of the Bonds.

	As at 31 December 2023			
	Actual		As Adjusted	
	(RMB)	(U.S.\$)	(RMB)	(U.S.\$)
		<i>(Note 4)</i>		<i>(Note 4)</i>
	(in thousands)			
Total borrowings — current portion				
Bank loans and other borrowings	15,873,276	2,235,704	15,873,276	2,235,704
Total borrowings — non-current portion				
Convertible bonds issued on				
21 May 2020 <i>(Note 2)</i>	3,175,879	447,313	3,175,879	447,313
Bank loans and other borrowings	12,499,506	1,760,519	12,499,506	1,760,519
Bonds to be issued	—	—	4,259,940	600,000
	15,675,385	2,207,832	19,935,325	2,807,832
Equity				
Share capital	207	29	207	29
Reserves	45,797,089	6,450,385	45,797,089	6,450,385
Total equity attributable to owners				
of the parent	45,797,296	6,450,414	45,797,296	6,450,414
Total capitalisation <i>(Note 3)</i>	61,472,681	8,658,246	65,732,621	9,258,246

Notes:

- (1) The translations from HKD into Renminbi are made at the rate of HKD1 to RMB0.90622, based on the PBOC exchange rate announced on 29 December 2023.
- (2) On 21 May 2020, the Company issued zero coupon convertible bonds due 2025 with a nominal value of HK\$4,560 million. After deducting commissions and expenses, the aggregate net proceeds of approximately RMB4,084.8 million was received from the issue of such convertible bonds, which had been recognised as the Company's liability and no allocation to the equity component had been made pursuant to Hong Kong Accounting Standard 32.
- (3) Total capitalisation is equal to the sum of non-current portion of total borrowings and total equity attributable to owners of the parent.
- (4) The translations from Renminbi into U.S. dollars are made at the rate of RMB7.0999 to U.S.\$1.00, based on the noon buying rate as set forth in the H. 10 statistical release of the Federal Reserve Bank of New York 29 December 2023.

Since 31 December 2023, the Company has incurred, and will continue to incur, indebtedness from time to time for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of

business. In May 2024, the Company made an application to the National Association of Financial Market Institutional Investors of the PRC (the “NAFMII”) for the registration of debt financing instruments in the aggregate amount of not more than RMB5 billion to be issued in one or multiple tranches as and when appropriate within two years from the date of receipt of the notice of acceptance of the registration from the NAFMII. Save as otherwise described in this Offering Circular, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Issuer since 31 December 2023.

BUSINESS

OVERVIEW

We are a leading national automobile dealership group in China focusing on luxury and mid-to-high end brands. Our 4S dealerships are concentrated in cities with relatively high net worth populations in China. We have grown rapidly from 178 operating 4S dealerships located across nearly 70 cities and 16 provinces at the beginning of 2014 to 420 4S dealerships in operation in 25 provincial regions, covering 110 cities as at 31 December 2023. The Group was ranked second, first and first among the list of Top 100 Automobile Dealers in China in terms of revenue in 2021, 2022 and 2023, respectively, in the PRC.

We have dealership agreements with a variety of automobile manufacturers to operate our 4S dealerships for a diversified portfolio of automobile brands, including luxury brands such as Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche and Volvo, and mid-to-high end automobile brands such as Toyota, Nissan and Honda. Each of our 4S dealerships is designated to sell one brand of automobile and typically only permitted to operate at a single point of sale. In 2023, we achieved a new automobile sales volume of 501,570 units, 304,782 of which are for luxury brands that accounted for 60.8% of our total sales volume. With the continuous optimisation of our product structure, the proportion of luxury brands in new automobile sales volume showed a continuous increase from 2021 to 2023, with luxury brands accounting for 56.7%, 59.1% and 60.8% of new automobile sales volume in 2021, 2022 and 2023 respectively.

Through our auto services, we offer a comprehensive range of new automobiles, pre-owned automobiles, after-sales products and services as well as a wide array of services in connection with insurance and auto finance in our 4S dealerships to our customers. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. Each of the new automobile sales business, pre-owned automobiles business and after-sales businesses has its own features in terms of business model and revenue and profitability contributions to the Group.

Our revenue for the three years ended 31 December 2021, 2022 and 2023 was RMB175,103.1 million, RMB179,857.0 million and RMB179,290.1 million, respectively, representing a CAGR of approximately 1.2% during such periods. Revenue generated from the sales of new automobiles accounted for approximately 81.4%, 80.9% and 78.2% of our total revenue for the three years ended 31 December 2021, 2022 and 2023, the revenue generated from pre-owned automobiles sales accounted for approximately 4.6%, 5.5% and 7.8%, respectively, of our revenue during the same periods, and the revenue generated from after-sales businesses accounted for approximately 14.0%, 13.7% and 14.0%, respectively, of our revenue during the same periods. The gross profit margin of our sales of new automobiles was 4.4%, 2.7% and 0.8%; the gross profit margin of our sales of pre-owned automobiles sales was 6.0%, 5.2% and 6.7% and the gross profit margin of our after-sales businesses was 48.1%, 47.1% and 46.9% during the same periods, respectively. Our profit attributable to owners of the parent for the three years ended 31 December 2021, 2022 and 2023 was RMB8,329.0 million, RMB6,635.2 million and RMB5,018.1 million, respectively, representing a CAGR of approximately -22.4% during such periods. According to the Hong Kong Stock Exchange, as at 31 December 2023, our market capitalisation was approximately HK\$44.6 billion.

As a leading national automobile dealership group in the PRC, we believe that as a result of our strong portfolio of luxury and mid-to-high end automobile brands, we are well-placed to benefit from the industrial upgrades of NEV, the steady recovery of the macroeconomics of the PRC and favourable policies of the PRC government, which will help us further consolidate our market leadership position, and to achieve our strategic vision to “become the most trusted auto service brand for premium consumers in China”.

RECENT DEVELOPMENTS

Concurrent Tender Offer

On 22 July 2024, the Company commenced a concurrent Tender Offer to purchase for cash an aggregate principal amount of its outstanding 2026 Bonds up to the Maximum Acceptance Amount. The Company reserves the right, in its sole discretion, to accept significantly less than the Maximum Acceptance Amount, or to accept none of such 2026 Bonds, for purchase pursuant to the Tender Offer, upon the terms and conditions set forth in the separate Tender Offer Memorandum. The Tender Offer commenced on 22 July 2024 and will expire at 4:00 p.m. (London time)/11:00 p.m. (Hong Kong time) on 29 July 2024 unless extended, re-opened, amended and/or terminated by the Company as provided in the Tender Offer Memorandum. The purpose of the Tender Offer is being made as part of the Company’s commitment to actively manage its balance sheet liabilities and optimise its debt structure.

The net proceeds from the issue of the Bonds after deduction of commission and expenses will be used for refinancing existing offshore indebtedness (including without limitation, for funding the purchase of the 2026 Bonds tendered pursuant to the Tender Offer). See “*Use of Proceeds*”.

The Tender Offer is being made only pursuant and subject to the terms conditions of the Tender Offer Memorandum. This Offering Circular does not constitute an offer to buy or a solicitation of an offer to sell any securities.

OUR COMPETITIVE STRENGTHS

We believe that our success and potential for future growth can be attributed to a combination of our competitive strengths.

We are an industry-leading national automobile dealership group with continuous focus on luxury brands and core cities, enabling strong business resilience

The Group was ranked second, first and first among the list of Top 100 Automobile Dealers in China in terms of revenue in 2021, 2022 and 2023, respectively, in the PRC. We achieved a luxury brand sales volume of approximately 305,000 units and held 16% of the market share of luxury brands, representing the number of retained customers of the Group’s premium brands in 32 core cities as of end of 2023. The automobile brands we operate are all luxury and mid-to-high-end automobile brands, of which more than 60% of the 4S dealerships are luxury brands including Mercedes-Benz, Lexus, BMW and Audi. According to the sales volume in the Chinese market and the scale of dealerships, the Group is the largest Lexus dealership group, the second largest Mercedes-Benz dealership group, and the third largest BMW dealership group in China in 2023, maintaining stable market shares of 31%, 18%, and 6%, respectively, for the three brands.

We have a total of 420 4S dealerships in 25 provinces, municipalities and autonomous regions across the country, which are mainly distributed in coastal cities in northeastern, eastern, southern and specific inland regions China, of which more than 50% of the cities where the dealerships are located have a GDP of more than RMB1 trillion. Our diversified premium brands and comprehensive service offering, coupled with our extensive network across the country enable us to meet the demands of a large customer base in China in the increasingly competitive automobile dealership market.

We are a well-known local automotive service brand, creating cross-brand operations and local market centralisation to improve efficiency, achieve full brand coverage and enhance customer loyalty

We are able to maintain our stable growth due to our development of pre-owned automobile sales and after-sales service markets, while maintaining stable levels of new automobile sales. As calculated by unique vehicle identification numbers (“VIN”), in 2023, we had a total of 3,790,000 retained customers, comprising of customers who sent their automobile for repair and buyers of new automobile. Across the 32 core cities which we operate in, the average number of active customers was 110,000, and the average number of stores was 13 as of the end of 2023.

Further, we have implemented centralised brand-agnostic operations across multiple business segments at the local market level. These include our centralised customer relationship management (“CRM”) platform and service centre operations which consolidate previous individual store-level businesses to local market level across the brands we operate.

As a result of our holistic brand-agnostic approach and customer-focused philosophy, our Group consistently ranked second or first among the Top 100 Automobile Dealers in China published by CADA for 2021, 2022 and 2023, and was awarded “Five-star dealer group” by China Automobile Circulation Association (“CACA”) in 2023. With our dedication and commitment to serve customers with strong operational capability, in 2021, we were recognised as an Excellent Member of China Automobile Circulation Industry by CACA and a Model of Social Responsibility in China Automobile Distribution Industry by CADA; in 2022, we were once again selected as one of the Fortune China 500 companies and ranked 73rd on the list; in 2023, we were recognised as a “Five-star dealer group” by CACA.

Our large-scale operations allow us to achieve economies of scale

Our large-scale operations allow us to achieve economies of scale from the human resources, business and financial perspectives.

Human resources

As a result of our large scale operations, we have been able to implement a systematic approach to foster capable and experienced managers. One of our corporate policies is to promote capable personnel within the Group’s operations and provide a clear career path to those personnel, thus forming a large pool of motivated and experienced employees to support our business expansion plans.

By leveraging our strong operational expertise accumulated throughout our national store network, we frequently apprentice new recruits to our best performing 4S dealerships for training, before rotating them to 4S dealerships in other locations. We believe this ensures best practice sharing and the accumulated business expertise in our best-performing 4S dealerships can be replicated at all of our 4S dealerships.

In addition, as we are a leading national automobile dealership group in the PRC with a diversified portfolio of automobile brands, we are able to offer our employees with a clear career path encompassing a variety of opportunities to work with different automobile brands as well as work in other regions in China, and we believe this would increase our employee retention rates in the face of intense competition for human resources.

Business

With an extensive 4S dealership network across various regions in the PRC, we are able to coordinate and aggregate orders for new automobiles, as well as spare parts, automobile accessories and other automobile-related products. This allows us to exercise better inventory control for automobiles, spare parts, automobile accessories and other automobile-related products, which in turn helps us to optimise the mix of automobiles and automobile-related products in each of our 4S dealerships.

In addition, the size of our 4S dealership network and our strong financial resources with large purchase amount yields us stronger bargaining power. We believe that as compared with our competitors, we are in a strong position to bargain for better commercial terms from suppliers of spare parts, automobile accessories and other automobile-related products.

We have diversified and sustainable sources of funds and a track record of strong financing capabilities

We maintain a high degree of liquidity through various financing channels, including domestic and overseas capital markets, and commercial loans from domestic and foreign commercial banks and auto finance companies. The Group has issued several convertible bonds and senior USD-denominated bonds in the Hong Kong market, whilst our domestic subsidiary Zhongsheng (Dalian) Group Co., Ltd. has also issued short-term financing bonds and medium-term financing notes in the China interbank bond market.

With our solid operating performance and industry-leading management team, the Group has received extensive support from the banking industry and has established long-term cooperative relationships with domestic and foreign commercial banks and automobile finance companies. In 2023, the Group signed strategic cooperation agreements with certain financial institutions to obtain domestic and foreign credit lines.

In addition to the financing capabilities of our 4S dealerships, we have achieved integrated management of the Group's funds through direct bank-enterprise connections and intelligent settlement platforms, and through centralised budgeting and management processes, we are able to effectively allocate financial resources across the entire 4S dealership network, save financing costs, and ensure liquidity and business development capabilities.

We have efficient information technology systems to support our business

We have set up advanced information technology systems in our headquarters and across our 4S dealership network as a uniform platform which facilitate the expansion of our business. In late 2008, we completed the roll-out of our ERP system which maintains in a single database the information needed for a variety of business functions such as quotes, inventory, financial, human resources and customer relationship management. Over the years, the scale of our information management team has expanded, and we continually develop and upgrade our information management system to provide support for data analysis and management.

We also use our information technology systems to identify fast and slow-selling automobile models or spare parts, accessories or other automobile-related products, analyse the sales trends of different products in different regions based on the historical data of purchase orders and sales data, and improve the mix of products and services offered at each of our 4S dealerships.

Our efficient information technology systems have significantly improved our ordering, inventory and logistics management as well as financial and cash management, and have helped us to minimise the costs of maintaining inventory and improve our overall sales performance.

We will continue to upgrade our information technology systems on an ongoing basis as necessary. We believe that an upgraded information technology system will continue to facilitate the exchange of information between our headquarters and our 4S dealership network, and enable us to improve our data analysis to support the formation and execution of our business and operational strategies.

We have an experienced senior management team, a deep bench of high-calibre store managers, and access to reliable source of skilled technical personnel

Our senior management comprises industry veterans with extensive in-depth experience in the PRC automobile industry. Our founders, Mr. Huang Yi and Mr. Li Guoqiang, each has more than 30 years' industry experience, and remain actively involved in our management and day-to-day operations. Mr. Li Guoqiang was listed on Forbes China's Best CEO List in 2020. We consider the leadership of our experienced senior management competitive advantage and a key factor in our success and achievements.

Our Chief Operating Officer, Mr. Zhang Zhicheng, has many years of relevant experience and rich professional knowledge in the Chinese automotive industry and holds several important positions in the Group. Our Chief Financial Officer, Ms. Yu Ning, has many years of experience in the Big Four international accounting firms and as a corporate finance director, and is familiar with financial management and capital operations. Our Chief Strategy Officer, Mr. Zhou Zheng, has many years of investment banking and capital markets experience. Our Deputy General Manager in charge of operations management, Ms. Zhou Xin, has many years of industry practice experience and has been serving the Group since 2004.

In addition, we have a deep bench of high-calibre store managers. We have devised and successfully implemented an in-house programme to train and develop our store managers, who are crucial to the success of our 4S dealerships. Many of our store managers are

internally trained and promoted, and have completed a training programme at our best-performing 4S dealerships. We also rotate each trainee manager to different positions in a 4S dealership, including deputy-store manager, sales director, service director and finance director, to ensure that our store managers are familiar with all operational aspects of a 4S dealership.

OUR STRATEGIES

In previous years, we have adopted the strategy of strengthening our brand and coverage, forming a distribution network covering 25 provinces, municipalities and autonomous regions, and 110 cities across China, of which more than 60% of the dealerships are luxury automobile brands. Due to China's new energy vehicle strategy, the growth trend of China's new automobile sales has stabilised.

Our new strategic vision is “to become the most trusted auto service brand for premium consumers in China”. To realise our vision, we set “Triple One” strategic targets — to build 100 Zhongsheng-branded collision centres; to double our accident automobile repair business; to reach 1:1 pre-owned-to-new automobile sales ratio. These targets were set in response to the rapid changes in the Chinese auto market and overall auto electrification, as well as due to the Chinese auto market having fully transformed into a car parc market, in which maintaining a local customer base has become the key to long-term success. In today's car parc market, we focus on expanding local presence density and service coverage, building local market share in various business segments, and exercising local customer relationship management in a centralised and Zhongsheng-branded ecosystem.

Implementation of our “big platform strategy”

As part of the implementation of our “big platform strategy”, we have established customer service centres, centralised maintenance service centres, pre-owned car centres, auto parts and supplies procurement centres, financial sharing centres and other middle-office institutions to support integrated operations. Simultaneously, we intend to prioritise converting the management model of single stores to the new central city management model, which will allow us to implement the “big platform strategy” and more efficiently utilise the Group's economies of scale and network advantage. We have selected 32 cities in China with relatively developed economies and strong customer bases as core cities and will leverage group and platform advantages to enhance the automobile sales and service capabilities of our 4S dealerships and continue to build a competitive brand portfolio in these cities.

Building Zhongsheng as a household name for local auto services and making our operations more brand agnostic and more centralised/consolidated at the local market level

Customer relations are no longer oriented at the brand-specific store level based on VIN. Instead, they are now oriented from individual and/or household auto owners, breaking up the boundaries among the individual brand-specific dealership stores. We implemented centralised brand-agnostic operations across multiple business segments at the local market level among our core cities. These include our centralised CRM platform and service centre operations which consolidate previous individual store-level businesses to local market level across the brands we operate.

Our holistic brand-agnostic approach encompasses multiple closed loop business models that are catered to acquiring customers in the local markets and subsequently interacting with them in a Zhongsheng-branded ecosystem to stimulate ongoing demand for other auto services and online shopping. By creating value and building trust with our customers, we aim to gradually consolidate various auto services segments in the local markets, enhancing our local market share and customer loyalty as our brand-agnostic operations and customer centric approach continue to serve the same group of local customers irrespective of the brands of their vehicles or how their vehicles are powered.

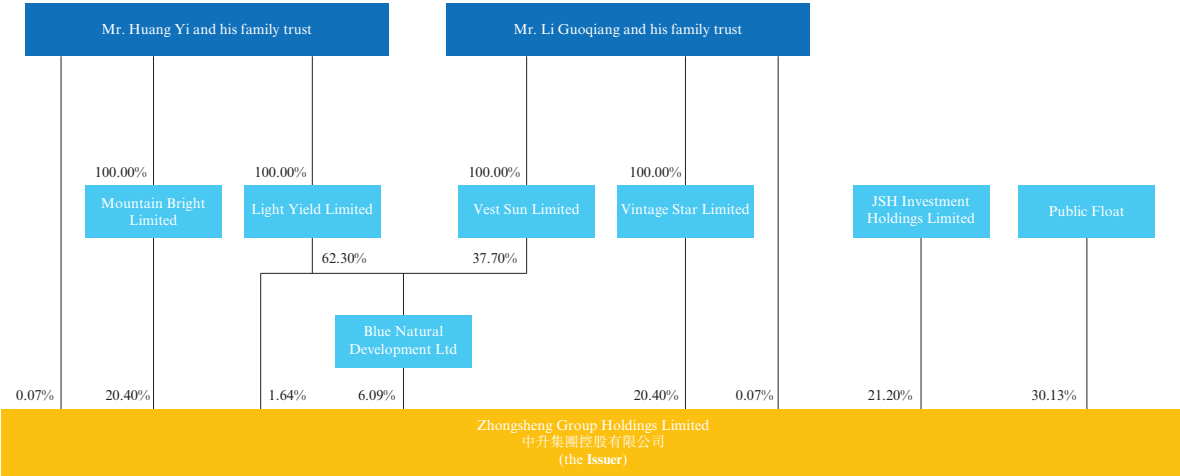
Establishing centralised Zhongsheng-branded collision centres to create synergy between our major business segments

As at the end of March 2024, we have established 20 Zhongsheng-branded collision centres operational across 15 cities with an additional 14 under construction and another 12 being planned. When complete, the 46 Zhongsheng-branded collision centres will cover about 65% of our stores and 70% of our active customer base in a total of 29 cities.

We intend to bring in two other stakeholders, insurers and customers, into our Zhongsheng branded collision centres to generate more accident automobile repair businesses. As such, Zhongsheng branded collision centres could achieve higher efficiency and lower cost structure as brand-agnostic collision repair volume grows. The insurers’ network effect could further unlock the potential value of courtesy cars in conjunction with our pre-owned automobile business to improve our customer experience. These enhanced customer experience boosted by superior repair quality, faster turnaround time, and hassle-free courtesy automobile offering would in turn trigger the network effect among our customers that fosters long-term Zhongsheng brand trust and loyalty.

OUR STRUCTURE

The following chart presents the corporate structure of the Group and the shareholding of the Group as at 31 December 2023.

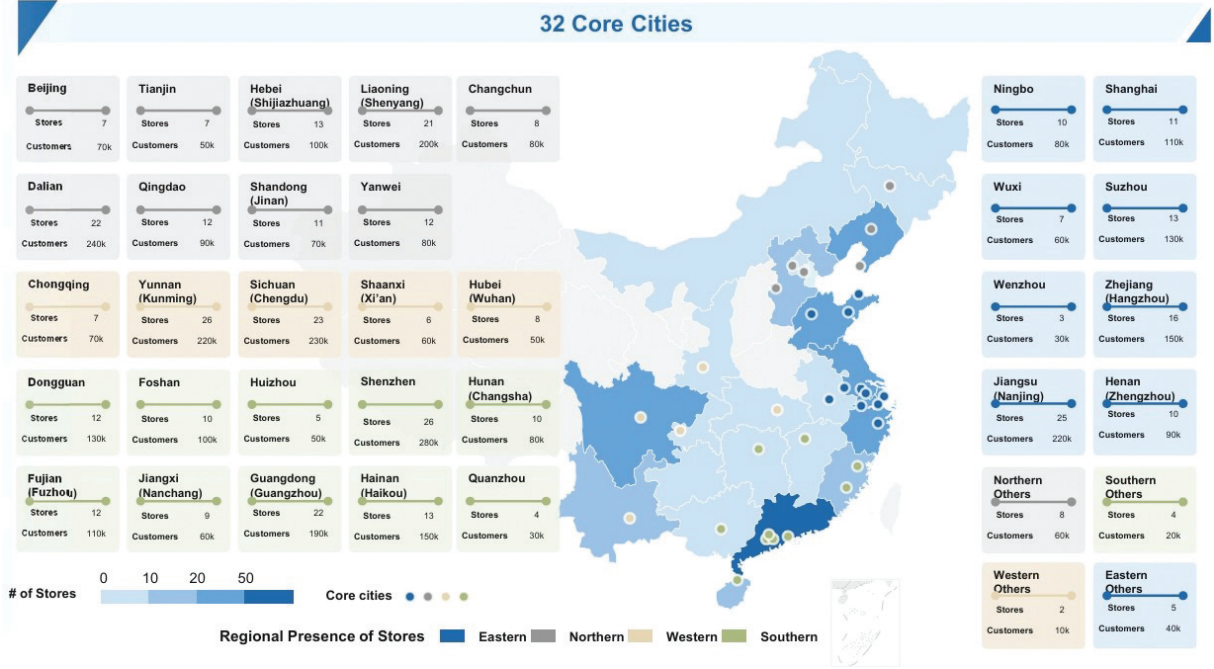


OUR BUSINESS

Our Business Network

We are one of the leading national automobile service groups in the PRC. We have a strong 4S dealership network, with presence in 32 core cities which have relatively high net worth populations. Within the core cities, we have an average of 13 stores with an average customer count of approximately 11,000, forging local presence density and service coverage. As at 31 December, the total number of 4S dealerships in operation and the total number of retained customers was 420 and 3.79 million respectively.

The following map illustrates the geographic coverage of our 4S dealership network and the number of retained customers as at 31 December 2023.



As at 31 December 2023, our 4S dealership network included 420 4S dealerships in operation in 25 provincial regions, covering 110 cities in China, among which 330 were for our five targeted brands, which comprised of 109 for Mercedes-Benz, 103 for Toyota, 55 for Lexus, 30 for Audi and 33 for BMW.

In terms of geographical coverage, 121 of the dealerships in our 4S dealership network are located in the northern regions; 100 dealerships are located in the eastern regions; 127 dealerships are located in the southern regions; and 72 dealerships are located in the western regions.

Through our facilities, we offer customers a comprehensive range of new automobiles, pre-owned automobiles, after-sales products and services as well as a wide array of services in connection with insurance and finance to our customers. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services. For details on other automobile-related services we offer, please see “Other automobile related businesses” below.

Our 4S Dealerships

Our 4S dealerships integrate the four standard automobile-related business elements initiated by “S”: sales, spare parts, service and survey. Through our 4S dealerships, we sell new automobiles of a single automobile brand, provide after-sales services and engage in a variety of other automobile-related businesses, such as: (i) pre-owned automobile business; (ii) automobile insurance service business; (iii) automobile finance service business; and (iv) automobile registration service business, in selected 4S dealerships.

The operations of each of our 4S dealerships are governed by a dealership agreement with the relevant automobile manufacturer. Each of our 4S dealerships is operated by a member or members of the Group, with each 4S dealership selling only one brand of automobile and typically only permitted to operate at a single point of sale. These agreements are non-exclusive, must generally be renewed periodically and typically have a term which expires at the end of the next year after the execution of these agreements. The automobile manufacturers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and unapproved changes in ownership or management structure that affect our ability to meet our contractual obligations. As at the date of this Offering Circular, all of our dealership agreements had been renewed or are in the process of being renewed with the relevant automobile manufacturers. During the three years ended 31 December 2021, 2022 and 2023, none of our dealership agreements was terminated by the automobile manufacturers, nor did any automobile manufacturer refuse to renew dealership agreements governing our 4S dealerships.

The time required for our newly established or acquired 4S dealerships to reach a steady level of revenue and profit comparable with those of our existing dealership network depends on many factors, including but not limited to, the popularity of brand it offers among the local customers, the level of competitiveness in the local market, the affluence level in the region, and the experience of management team of the dealership. In general, such required time takes about three years.

Salient terms of our automobile dealership agreements

The following terms are typical in most of our existing dealership agreements. These terms set out our general rights and obligations under the dealership arrangements.

- We agree to permit the relevant automobile manufacturer to conduct on-site performance assessments periodically.
- We are generally required to follow annual sales plans that are set by the automobile manufacturers, and our dealership agreements typically provide minimum purchase or sales requirements.
- We are typically entitled to use the trade names, trademarks and other branding matters in a manner consistent with the standards set by the relevant automobile manufacturer to promote the brand awareness of automobiles we sell through our 4S dealerships.
- The automobile manufacturers may specify the geographical limitation within which our 4S dealership must operate, as well as recommend price guidelines for new automobiles. Our dealership agreements typically allow the relevant automobile manufacturers to adjust the geographical limitation within which a particular 4S dealership may operate. We also have flexibility in adjusting the selling price notwithstanding the price guidelines from the automobile manufacturers.
- We are generally prohibited from knowingly selling automobiles to any customers whose intention is to resell or export automobiles outside the PRC.

- We are prohibited from retailing more than one brand of new automobile in any of our 4S dealerships. We are not required to register our dealership agreements with any relevant authorities.
- We take ownership of the automobiles from the automobile manufacturers upon delivery of the automobiles.
- The automobile manufacturers usually engage logistic companies to deliver automobiles to designated locations. The automobile manufacturers usually bear all the transportation costs and insurance fees incurred during such process.
- The automobile manufacturers have rights to conduct inspection of and site-visits to our 4S dealerships to appraise the performance of our 4S dealerships and their compliance with the dealership agreements.

Dealership agreements usually have a term which expires at the end of the next year after execution of the agreements. The automobile manufacturers have the right to terminate our dealership agreements with prior written notice for a variety of reasons, including failure to rectify performance deficiencies and changes in ownership or management structure that affect our ability to meet our contractual obligations without their prior consent. In addition, our 4S dealerships are also required to satisfy certain procedural requirements and obtain certain permits, licences and approvals from relevant PRC government authorities. Depending on the location of each 4S dealership, these could include archival filing with MOFCOM for new automobile sales, archival filing with SAIC for new automobile sales, project initiation approvals from the Ministry of Transport, road transport licences from the relevant provincial counterpart of the Ministry of Transport for repair and maintenance or licences for concurrent insurance agency. All of the permits, licences and approvals required by the Group are subject to different renewal and validity conditions depending on the location of particular 4S dealerships and the businesses engaged in by that 4S dealership.

Our strategic vision

Through our strategic vision “to become the most trusted auto service brand for premium consumers in China”, we offer our customers “auto service”, including new automobiles, pre-owned automobiles, and after-sales services. Both our new automobile and pre-owned automobile sales business retails luxury and mid-to- high end brand automobiles. Our after-sales businesses offer spare parts, provide repair, maintenance and detailing services, and retail automobile accessories.

The table below sets forth the percentages of revenue and gross profit attributed to our new automobile sales business, pre-owned automobile sales business and our after-sales and accessories business for the years indicated.

	Year ended 31 December					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB billion, except percentages)					
Revenue:						
— New automobile sales business . . .	142.5	81.4	145.5	80.9	140.2	78.2
— Pre-owned automobile sales business	8.1	4.6	9.8	5.4	14.0	7.8
— After-sales and accessories business	24.5	14.0	24.6	13.7	25.1	14.0
Total	<u>175.1</u>	<u>100.0</u>	<u>179.9</u>	<u>100.0</u>	<u>179.3</u>	<u>100.0</u>
Gross profit:						
— New automobile sales business . . .	6.2	33.5	3.9	24.4	1.1	8.0
— Pre-owned automobile sales business	0.5	2.7	0.5	3.1	0.9	6.5
— After-sales and accessories business	11.8	63.8	11.6	72.5	11.8	85.5
Total	<u>18.5</u>	<u>100.0</u>	<u>16.0</u>	<u>100.0</u>	<u>13.8</u>	<u>100.0</u>

New automobile sales

We generate the majority of our revenue from the sale of new automobiles. For the years ended 31 December 2021, 2022 and 2023, revenue from new automobile sales accounted for approximately 81.4%, 80.9% and 78.2% of our total revenue, respectively. We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands such as Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche and Volvo, and mid-to-high end automobile brands such as Toyota, Nissan and Honda. The automobiles we retail through our 4S dealerships include both imported automobiles and automobiles produced domestically by the automobile manufacturers and/or their PRC joint venture corporations. For the three years ended 31 December 2021, 2022 and 2023, Mercedes-Benz is our largest automobile brand in terms of sales, and revenue from Mercedes-Benz automobiles accounted for approximately 33.6%, 41.1% and 40.9% of our revenue from new automobile sales, respectively. In 2023, we achieved a new automobile sales volume of approximately 501,570 units, 304,782 of which are for luxury brands that account for 60.8% of our total sales volume.

As a common market practice, the automobile manufacturers often provide us with volume-based rebates, which are generally determined with reference to the units of new automobiles purchased, and are adjusted based on our satisfaction of certain targets set by the relevant automobile manufacturers, including sales targets, customer satisfaction indices and dealership presentation standards. The automobile manufacturers will settle the rebates with us from time to time taking into account the above factors by deducting the price payable by the Group in the subsequent purchases placed by the Group. For more information, see “*Risk Factors — Risks relating to our business — There can be no assurance that we will continue to receive rebates from the automobile manufacturers*”.

Pre-owned automobile sales

We have achieved strong growth both in terms of number of transactions and aggregate profit in the pre-owned automobile business in 2023, with the monthly volume growing from 7,000 transactions per month in January to 20,000 transactions per month in December. Total number of pre-owned automobile transactions grew 17% year over year to over 164,000 transactions. For the years ended 31 December 2021, 2022 and 2023, revenue from pre-owned automobile sales accounted for approximately 4.6%, 5.4% and 7.8% of our total revenue, respectively.

On the entry front, trade-ins are predominantly the main source of our inventories of pre-owned automobile. In contrast to off-rental vehicles, our own fleets, run as test-drive and courtesy cars, are becoming an increasingly important source of inventories in the pre-owned automobile business. With our brand-agnostic collision centres, we are becoming a major buyer of courtesy fleets of any brands, ready to scoop up “special situation” or bulk new automobile deals at attractive prices that are becoming more common in Chinese auto market today. The option of running these direct purchases as courtesy fleets allows to avert fire-sale situations commonly run into by pre-owned automobile dealers, creating more opportunities for us to maximise resale value.

In terms of exit, we strive to consummate more retail pre-owned automobile through natural foot traffic at our stores and through our social media platforms. In 2023, close to two-thirds of retail pre-owned automobile transactions at our stores are consummated with customers originated from social media. With the expansion of our centralised brand-agnostic collision centres, we are gradually leveraging the traffic there to exploit potential pre-owned automobile cross-selling opportunities. When accident automobile owners visit our collision centres, with courtesy cars to be arranged and some pre-owned automobile for sale displayed, our representatives are able to approach the customers to promote an old-for-old trade-in solution for their existing vehicles. For our top 30 pre-owned automobile flagship stores, retail transactions increased by 6% in 2023 as compared to 2022. Pre-owned automobile retail customers have also reached 80% of new automobile customers every month in some of our leading flagship stores.

After-sales businesses

Our after-sales businesses provide a wide range of services and products to our customers including repair, maintenance, detailing services and automobile accessories. After-sales businesses set high service standards, and focus on providing quality customer-oriented services to satisfy our customers’ needs. Services under warranties are included in the after-sales businesses. The target markets for our after-sales businesses are large and growing strongly, driven by our rapidly expanding customer base as the number of automobile owners continues to increase.

In addition, the profit margins for our after-sales businesses are generally significantly higher than the profit margin for our new automobile sales business. For the three years ended 31 December 2021, 2022 and 2023, we achieved gross profit margin of 4.4%, 2.7% and 0.8% for our new automobile sales business, compared with gross profit margin of 48.1%, 47.1% and 46.9% for our after-sales and accessories business segment, respectively. As a result, a relatively mature 4S dealership, in terms of operating history, is expected to have a large portion of profits derived from after-sales businesses.

As a result of its recurrent business nature, the revenue and income from after-sales businesses are steadier compared with those derived from the new automobile sales. In addition, after-sales businesses require relatively less working capital to operate. Such inventories can be procured on credit terms that vary from product to product.

The primary customers for our after-sales businesses are those who purchase new automobiles from our 4S dealerships. The after-sales businesses may also bring new automobile sales business. A 4S dealership with quality after-sales service and high customer satisfaction will not only retain existing customers, but also attract more new customers for new automobile sales and after-sale businesses. We have and will continue to adopt various marketing campaigns, including without limitation, one-on-one client surveys, major client visits, automobile club activities and client referral programmes, to identify and procure potential customers of after-sales businesses.

The following is a detailed description of the types of after-sales businesses we operate during the three years ended 31 December 2021, 2022 and 2023.

Repair, maintenance and detailing services

Repair, maintenance and detailing services are an integral part of our auto service offerings. We provide repair and maintenance services under warranties and we are subject to the terms of sale to our customers, who purchase new automobiles through our 4S dealerships. The automobile manufacturers set the price we charge our customers for providing repair and maintenance services under warranties, and we derive gross profit from the difference between the fee charged and the cost of providing such services.

We also provide repair, maintenance and detailing services to the general public. We use spare parts, accessories and tools primarily produced by the relevant automobile manufacturers and/or other independent suppliers.

Services under warranty

According to The Regulations on Liability for Repair, Replacement and Return of Household Automotive Products (家用汽車產品修理更換退貨責任規定), which took effect on 1 January 2022, the warranty period for automobiles shall not be less than the earlier of three years or 60,000 kilometres, commencing from the date on which the seller issues the invoice of the sale of the automobile. If the date of issuance of the invoice does not coincide with the date of delivery of the automobile, it shall be commencing from the date of delivery. In relation to components such as the battery and expendable parts including oil, fuel and air-conditioner filters, brake pads and spark plugs, the warranty period is typically six to 12 months. The product warranty is only valid within the PRC. The automobile manufacturers typically do not pay for repair of component claims not covered by the relevant warranty and for damage caused by wear-and-tear or normal usage, such as punctured tyres and broken glass.

Automobile recalls

We also assist in automobile recalls conducted by the automobile manufacturers. It is sometimes necessary for automobile manufacturers to conduct automobile recalls to minimise the risks to consumers in the event of defects and in turn minimise the potential damage to their brand image. In such case, the Group typically rectifies the defect according

to the relevant automobile manufacturer's instructions, rather than returning the entire automobile to the automobile manufacturer. Although each automobile manufacturer conducts recalls differently, typically, in the event of a recall campaign, the automobile manufacturer notifies us prior to the commencement of the campaign and provides us with various documents including repair instructions and the automobile manufacturer's responses to customers' frequently asked questions. Using our database of customer records, we contact the relevant customers and request them to bring their automobiles to our 4S dealerships for inspection and repair where necessary. The automobile manufacturers also provide information to the public about the recall campaign via additional channels, such as press releases, telephone hotlines and websites. In certain situations where the time required to complete the repairs may be longer, we also provide substitute automobiles to our customers and/or a door-to-door delivery service. We maintain records of all relevant correspondence with our customers, and provide regular updates to the automobile manufacturer regarding the recall campaign. Work done in connection with a recall campaign is not charged to the customer but to the automobile manufacturer, using claim or reimbursement forms provided by the automobile manufacturer.

During the three years ended 31 December 2021, 2022 and 2023, automobile manufacturers conducted automobile recalls for a number of their automobile models that we sold, including Mercedes-Benz, Lexus, Toyota and Honda. We are not liable for any damages caused by the automobiles under the recalls. We will provide assistance for automobile recalls conducted by the automobile manufacturers and charge fees for our services. Any work done in connection with the recalls is not charged to the customer but to the automobile manufacturer, using claim or reimbursement forms provided by the automobile manufacturer.

Automobile accessories

We have accumulated significant experience in this area by leveraging on our existing resources including our operational experience, highly trained service teams and extensive market knowledge. The automobile accessories we retail include GPS systems, audio and video equipment, decals, seat covers, floor mats, maintenance products for engine, handling and braking products, tyres, waxes and polishes. An automobile accessories division has been established in each of our 4S dealerships, comprising dedicated sales personnel and automotive engineers and technicians. Our automobile accessories are displayed both in dedicated showrooms in the 4S dealerships, and in the new automobiles exhibited in our 4S dealerships. We believe the increasing demand for automobile styling and automobile care products, together with our large customer base derived from our new automobile sales business, will provide significant growth potential for our automobile accessories business.

We may be required to provide warranty with respect to automobile sales and after-sales services so as to protect the legitimate rights and interests of consumers. Under applicable PRC laws, we are required to provide a service warranty for the repair services that we perform. The warranty period commences from the date on which the repaired automobile leaves our store. Under the relevant PRC laws and regulations, automobile repairs are divided into several categories and the mandatory warranty period for each repair varies from the shorter of 10 days or 2,000 kilometres (in the case of basic repairs) to the shorter of 100 days or 20,000 kilometres (in the case of major repairs).

Other value-added businesses

Automobile insurance service. Automobile insurance agency services refer to the arrangement with independent insurance companies, pursuant to which employees of our 4S dealerships will promote the automobile-related insurances provided by such automobile insurance company to our customers at our premises and receive commission from the relevant insurance company.

Finance service business. Automobile finance agency related services refer to the arrangement with independent financing entities, pursuant to which employees of our 4S dealerships will promote automobile financing products (for instance, instalment loans) provided by the financing entity to our customers at our premises and help process the application documents for the financing entities. In return, such financing entity will pay us service fee.

Automobile registration service. Automobile registration service refer to the arrangement whereby employees of our 4S dealerships will apply for new car registration on behalf of customers and arrange for payment of related taxes and fees. In return, we charge customers for the services provided.

These types of services are either commission based or agency services, which do not require large amount of capital to operate. The costs of these types of services are generally labour costs for employees required and costs for necessary equipment. Accordingly, the cash flow generated from daily operation of the 4S dealerships are sufficient to carry out these types of services.

According to our PRC legal advisers, Commerce & Finance Law Office, the Group is required to obtain licences according to the Regulations on Administration of Insurance Agents (保險代理人監管規定) promulgated by the China Banking and Insurance Regulatory Commission in conducting automobile insurance agency services. The Group have operated automobile insurance service business during the three years ended 31 December 2021, 2022 and 2023, and have obtained proper licences and registrations required to conduct these businesses. There are no regulatory approvals needed or licences required for automobile finance agency related services as currently conducted in certain 4S dealerships of the Group.

For the three years ended 31 December 2021, 2022 and 2023, we recorded commission income of RMB3,528.0 million, RMB3,764.3 million and RMB4,132.1 million for our value-added services, including automobile insurance service, finance service and registration service business. We have achieved growth in our commission income with a CAGR of 8.2% for the three years ended 31 December 2021, 2022 and 2023.

SUPPLIERS AND PROCUREMENT

Suppliers

Our purchases include new automobiles, spare parts and automobile accessories. For the three years ended 31 December 2021, 2022 and 2023, our costs incurred in relation to new automobile sales were approximately RMB136,268.4 million, RMB141,480.3 million and RMB139,157.0 million, respectively, representing approximately 87.0%, 86.4% and 84.1% of our total costs of sales and services, respectively.

Our top five suppliers are automobile manufacturers which supply us new automobiles and spare parts. For the three years ended 31 December 2021, 2022 and 2023, purchases from our top five suppliers accounted for approximately 73.8%, 77.9% and 77.7% of our total purchases, respectively. For the three years ended 31 December 2021, 2022 and 2023, purchases from our top supplier accounted for approximately 31.9%, 38.9% and 38.9% of our total purchases, respectively.

All of our top five suppliers are independent third parties.

New automobiles

We procure new automobiles directly from automobile manufacturers. The automobile manufacturers set annual non-binding supply quotas of new automobiles for each of their associated 4S dealerships as part of the annual sales plans. These quotas are determined after consideration of a variety of factors, including the automobile manufacturer's own annual production plans and the previous purchase orders and track record of the relevant 4S dealership and may be changed at the automobile manufacturers' discretion. Inventory is managed on a rolling monthly basis with supplies of new automobiles delivered monthly, based on our management's expectations of sales performance at the relevant 4S dealership.

Logistical and financing arrangements

New automobiles are delivered to us regularly on the basis of orders placed by each of our 4S dealerships. The automobile manufacturers, who are independent third parties, are responsible for the transportation of the new automobiles and bear the associated costs, such as insurance and logistical expenses, until they reach our 4S dealerships or warehouses and are in our custody. Title and risk of the new automobiles are transferred to us at our 4S dealerships or warehouses. In line with industry practice, the automobile manufacturers often require us to make full payment of the purchase price before delivery of the new automobiles to us.

To encourage an increase of purchase orders and sales, financing companies of certain automobile manufacturers extend short-term credit facilities including loans to us to purchase new automobiles. The purchase price is generally financed in full by the automobile manufacturer's automobile financing companies with an interest-free period up to 90 days. For automobiles we have purchased by utilising the loan from the automobile manufacturer's automobile financing companies, the automobile financing companies will pay the balance of the purchase prices to the automobile manufacturers and thus become our lenders. Accordingly, title and risk of the new automobiles are still transferred to us at our 4S dealership or warehouses upon delivery. We will then repay the loan to our lenders pursuant to the financing arrangements.

All of the automobiles that we sell are purchased in the PRC, regardless of whether they are imported or manufactured locally. Since we do not import automobiles from overseas directly, we are not required to pay any import or custom duties or tariffs for our automobiles. The lead time required for delivery of the new automobiles we sell ranges from two to three weeks to, in extreme cases, four months, depending on whether the automobiles are manufactured in China or overseas. We have not been involved in the parallel import of automobiles into the PRC.

Spare parts and automobile accessories

We source our spare parts, automobile accessories and other automobile-related products from the automobile manufacturers and independent suppliers. Typically, we primarily source spare parts from the automobile manufacturers, and automobile accessories from independent suppliers. Title to spare parts and automobile accessories passes to us upon delivery. Due to the size of our dealership network, we are well-positioned to negotiate for a favourable pricing with our independent suppliers of automobile accessories.

We are entitled to return automobiles, spare parts and automobile accessories with manufacturing defects to the suppliers. If the defects were caused during transport, we will usually claim damages from the logistics and transport companies. From 2021 to 2023, we had no significant purchase returns for automobiles, spare parts or automobile accessories.

INVENTORY MANAGEMENT

We actively manage and maintain our inventories to ensure cost-efficiency, quality control and the timely distribution and sales of new automobiles, pre-owned automobiles, spare parts and automobile accessories. Our senior management is actively involved in setting inventory standards, and is continually seeking ways to further improve our inventory control.

We monitor our inventory at each of our 4S dealerships to maintain a reasonable level of inventory turnover. We also maintain an advanced database, which enables us to monitor and manage our inventory turnover of each 4S dealership in a real-time manner for new automobiles, spare parts and automobile accessories. Our average inventory turnover days were 21.6 days, 27.0 days and 31.2 days as at 31 December 2021, 2022 and 2023, respectively. We strive to maintain optimal inventory levels to meet customer demand while managing our working capital requirements to finance our inventories.

In addition, we utilise our aggregate ordering and procuring power with an aim to obtain competitive pricing from suppliers of spare parts and automobile accessories. Through the Group's general budget plan and resources allocation, we are able to adjust the automobile quotas to some extent to improve mix of automobile inventory for our 4S dealerships. Automobile quota refers to the number of different types of automobile assigned by the automobile manufacturers in a given period of time. Usually the automobile manufacturers will set quota for certain types of automobiles, especially when the market demand for such types of automobile is large.

MARKETING AND PROMOTIONAL ACTIVITIES

We utilise a variety of methods to promote our Zhongsheng brand image, our 4S dealerships and the products and services we offer through our auto service to our customers.

Our marketing campaigns are organised at two levels, our headquarters in Dalian City and each of our 4S dealerships. Our headquarters is responsible for coordinating regional marketing campaigns, and supervises the local marketing campaigns conducted by each of our 4S dealerships. We advertise through outdoor advertisements, distributions of marketing materials at our 4S dealerships, radio commercials and Internet advertisements.

Through regular training, our automobile sales personnel have developed in-depth knowledge of the latest market trends and models and strong communication skills.

Our advertisement and promotion expenses were approximately RMB1,002.5 million, RMB818.0 million and RMB1,407.7 million, respectively, for the years ended 31 December 2021, 2022 and 2023.

CUSTOMER SERVICE

We place a high priority on providing our customers with consistent, high-quality customer service and support. Our corporate motto is “Zhongsheng — Lifetime Partner”, and it is central to our corporate culture. We believe that providing high-quality service to each of our customers is the key to building long-lasting customer relationships, and to attracting new customers for each of the businesses offered through our auto services. In line with this core principle, we provide systematic training courses to our customer-facing employees such as our sales personnel to achieve high customer satisfaction rankings.

Customer relationship management

We have adopted a customer relationship management system through our centralised ERP system which stores our customers’ information. Such system enables us to facilitate our interaction with and services to our customers. In addition, we assign customer relationship managers to our customers. We provide our customer relationship managers access to our database of customer records which tracks his or her consumption patterns and preferences for our products and services so that our customer relationship managers may understand their needs better and tailor a customised service strategy for each individual customer.

24-hour hotline and roadside assistance

We provide a 24-hour hotline to answer customer enquiries. We also provide 24-hour roadside assistance services to our customers, including automobile towing service.

Other initiatives

We organise other initiatives for our customers, including seminars such as basic repair and maintenance workshops, and social events including musical concerts and sporting events. We invite our customers to the launch of new models of automobiles. As a result of our customer-focused philosophy, our Group consistently ranked second or first among the Top 100 Automobile Dealers in China published by CADA for 2020, 2021, 2022 and 2023 and was awarded “Five-star dealer group” by CACA in 2023. With our dedication and commitment to serve customers with strong operational capability, in 2021, we were recognised as an Excellent Member of China Automobile Circulation Industry by CACA and a Model of Social Responsibility in China automobile Distribution Industry by CADA; in 2022, we were once again selected as one of the Fortune China 500 and ranked 73rd on the list; in 2023, we were recognised as an industry comprehensive strength excellent member by CACA.

CUSTOMERS

Due to the retail nature of our business, we do not have one single major customer and cannot readily identify our top five customers. Our target customers are consumers residing in China's rapidly developing cities, who are likely to purchase luxury or mid-to-high end brand automobiles and who we expect to have a high automobile usage.

INFORMATION TECHNOLOGY

Most of our dealerships are required to use the designated information technology systems developed and provided by various automobile manufacturers, which apply to all dealerships authorised by the same automobile manufacturer. We have developed a centralised ERP system to control our business operations, manage our customer relationships and improve efficiency in procurement, sales, inventory management, financial management and other administrative functions. We also use our information technology systems to identify fast and slow-selling automobile models or spare parts, accessories or other automobile-related products, analyse the sales trends of different products in different regions based on the historical data of purchase orders and sales data, and improve the mix of products and services offered at each of our 4S dealerships. Our efficient information technology systems have guided our business decision making, significantly improved our ordering, inventory and logistics management as well as financial and cash management, and helped us minimise the costs of maintaining inventory and improve our overall sales performance. We will continue to upgrade our information technology systems on an ongoing basis as necessary.

EMPLOYEES

Employees

Our success is closely linked to the implementation of our growth strategies by our experienced, dedicated and innovative employees. We are committed to recruiting, training and retaining adequately skilled and experienced people throughout our operations to serve our customers better. We intend to do so through offering attractive remuneration packages, including discretionary bonuses and our Share Option Scheme (as defined in the consolidated financial statements of the Group as at and for the year ended 31 December 2023), as well as by placing an emphasis on employee training and career development.

As at 31 December 2023, the Group had a total of 31,180 full-time employees. We are required under PRC laws and regulations to make mandatory contributions to various employee benefit plans that are organised by the government, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund for those employees who are eligible for these benefits. We consider that we have sound relations with our employees. We have not experienced any strikes, work stoppages or significant labour disputes and we have not experienced any significant difficulties in recruiting or retaining qualified staff during the three years ended 31 December 2021, 2022 and 2023.

Remuneration

We provide competitive compensation packages and benefits and offer attractive promotion opportunities to retain our key employees and attract talented individuals. We review the performance of our employees on a regular basis. The results of these reviews are used for salary and promotion appraisals. Our key employees are considered for annual incentive payments based on various performance criteria and their assessment results. Our sales personnel are considered for bonuses based on various performance criteria, including whether their individual sales target has been met and customer feedback on the quality of their service. We review our staff remuneration packages from time to time. Moreover, our rapid business growth has enabled us to offer our employees plenty of room for growth and promotion opportunities. As our 4S dealership network expands, more talented employees are able to step into management positions at new 4S dealerships.

Training

The Group is committed to identifying and nurturing the potential of its staff and devoting as much resources as possible to their development, so that their potential can be fully utilised with the support of the Group. Therefore, the Group continues to provide various trainings to encourage and assist them to make good use of the Company's resources to attain self-development and enhance their working knowledge and skills.

The Group standardises and improves the employee training system, formulates an exclusive development path for employees, stimulates their potential and supports their growth. We provide basic skills training, professional skills training, product training, middle management training and reserve general manager training throughout employees' careers. In addition, we encourage employees to participate in trainings on various products, skills, and management capability improvement of automobile makers, and provide training support.

In order to further increase our efforts in training talents, reserving outstanding talents and seeking long-term development, the Group currently carries out reserve training activities for many core positions such as general managers of dealerships and department managers in brand on a regular basis.

In addition, leveraging the advantages of multi-brand, multi-region, multi-store and multi-segment management, we take the successful experience of outstanding dealerships and the excellent achievements of single segment as a reproducible course and focus on the development and promotion of reproducible course to form corresponding specific-purpose courses and specific-post courses and had effectively improved the business skills of employees. For employees hindered by geographical restrictions, they use the in-house online classroom of the Group, being Zhongsheng Network Institute, to conduct fragmented remote learning without time and space limitation in order to meet the personalised learning needs of learners. We actively promote and launch various forms of learning and interaction, such as learning workshops, skill competitions, performance competitions to name a few to appraise and commend outstanding employees, and encourage employees to be active in learning and growth.

Safety

We strictly abide by relevant staff health and work environment safety laws and regulations, with a view to reduce accidents, illness and risks in working area, and promote the health of employees, thus also reducing employee absence rate and turnover rate. We strive to ensure complete safety in the office and other workplaces, create a healthy and safe working environment for employees and improve their self-health and safety awareness through providing regular health and safety reminders to employees.

We conduct regular risk assessments for its business operations to identify and formulate countermeasures to address current or potential safety risks and hazards. We also regularly conduct safety production inspections and formulates Health and Safety Policy and Occupational Health, Safety and Environmental Management Manual to standardise the policies and procedures of safety production and reduce the impact of safety hazards on daily operations and employees. In the course of daily business operations, each outlet of the Group will conduct safety production training activities from time to time with the participation of all employees.

From 2021 to 2023, there was no occurrence of non-compliance in terms of providing a safe working environment and protecting employees from occupational hazards, and there were no work-related fatalities in the Group, and the number of lost days due to work injury was zero.

COMPETITION

The PRC automobile dealership industry is highly fragmented and competitive. With China's accession to the World Trade Organization in November 2001, it has become easier for foreign entities to enter and compete in the PRC automobile dealership industry. Further, the new automobile market in recent years experiences an unprecedented and intense price competition among the domestic players. Nevertheless, we consistently ranked second or first among the Top 100 Automobile Dealers in China published by CADA for 2021, 2022 and 2023. In view of the increasing number of dealerships, we expect that the competition we face will be increasingly intense. We compete against other dealership groups primarily on the following bases: dealership authorisation rights, store locations, capital, service, customers, after-sales services offered and human capital. We also compete with independent repair shops and auto parts retail centres in after-sales services and spare part sales. Our dealership business is also affected by competition among the automobile manufacturers and their brands in terms of quality, design and price.

We expect the increasingly competitive nature of the PRC automobile dealership industry to present acquisition opportunities as, among other factors, intensive capital requirements deter new entrants and force out weaker players. As a leading national automobile dealership group in the PRC with a well-established track record of acquiring 4S dealerships and quickly and significantly improving the performance of such acquired 4S dealerships, we believe we are well-positioned to take advantage of such opportunities to expand our business and consolidate our leadership position further.

INTELLECTUAL PROPERTY RIGHTS

Under a typical dealership agreement, we are entitled to use an automobile manufacturer's trade names, trademarks and other branding material in our promotional activities provided it is in a manner consistent with the standards set by the automobile manufacturer. We have also obtained our trademark registration of "Zhongsheng" (中升) for carrying out our business. As at 31 December 2023, we had no material patents. In order to defend our intellectual property rights and the intellectual rights that we are licensed to use, we monitor whether there is any infringement of our brand by regularly conducting internet searches, including searches of the websites of the administration and industry commerce authorities.

INSURANCE COVERAGE

We carry insurance covering risks including loss and theft of, and damage to, property (such as our fixed assets and inventories in all of our 4S dealerships). We believe that our insurance coverage is adequate for our operations and as at the date of this Offering Circular, we had not made nor been the subject of any material insurance claims. For more information, please see "*Risk Factors — Risks relating to our business — Our insurance coverage may be inadequate to protect us from all potential losses*".

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

To the best of the knowledge of our Directors, there are no current litigation or arbitration proceedings or any pending or threatened litigation or arbitration proceedings against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations. However, we may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

Our PRC legal advisers, Commerce & Finance Law Office, has advised us that, the material PRC subsidiaries have obtained requisite licences, approvals and permits from the relevant government authorities that are material and necessary for our business operations in China.

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

The board of directors of the Issuer at the date of this Offering Circular comprises of:

<u>Name</u>	<u>Title</u>
HUANG Yi	Chairman and executive Director
LI Guoqiang	President, executive Director and Chief Executive Officer
ZHANG Zhicheng	Vice-president, executive Director and Chief Operating Officer
TANG Xianfeng	Vice-president and executive Director
YU Ning	Vice-president, executive Director and Chief Financial Officer
ZHOU Xin	Vice-president and executive Director
CHAN Ho Yin	Non-executive Director
SUN Yanjun	Non-executive Director
SHEN Jinjun	Independent non-executive Director
CHIN Siu Wa Alfred	Independent non-executive Director
YING Wei	Independent non-executive Director
LI Yanwei	Independent non-executive Director

EXECUTIVE DIRECTORS

HUANG Yi (黃毅), aged 61, is the Chairman and executive Director. Mr. Huang is one of the two founders, and has been the chairman of the Group since its inception in 1998.

He is responsible for the strategic management of the Group and for formulating our overall corporate direction and focus.

Prior to founding the Group, Mr. Huang was a director and deputy general manager at China Resources Machinery Co., Ltd. (“**China Resources Machinery**”), a state-owned enterprise engaged in importing and exporting automobiles and other machinery. Mr. Huang held numerous management positions in business administration, product procurement and sales operations in China Resources Machinery during his tenure between 1984 and 1994. In 1994, Mr. Huang joined China Automobile Company Limited (“**China Automobile**”) as a director, and was responsible for China Automobile’s procurement and sales divisions. In 1996, Mr. Huang invested in, and became a shareholder of, China Automobile. China Automobile, currently known as Hokuryo Holdings Company Limited, is presently an indirect wholly-owned subsidiary of the Group.

Mr. Huang has served as the president of the second and third sessions of Mercedes-Benz Dealer Association since November 2014, the president of Lexus China Dealer Advisory Council since 2013, as well as the president of the Advisory Council of GZ Toyota since 2012. Mr. Huang has substantial senior management experience and more than 34 years' of experience and in-depth knowledge of the PRC automobile industry.

Mr. Huang received a Bachelor's degree in Economics from Xiamen University in 1983.

LI Guoqiang (李國強), aged 60, is the other founder of the Group, and has been serving as the Group's chief executive officer and president since 1998 and as an executive Director since 23 June 2008. He is also a director of the various companies in the Group. Mr. Li is responsible for the overall management and operations of the Group. In 1995, Mr. Li founded Dalian Aotong Automobile Repair & Assembly Factory ("**Aotong Repair & Assembly**"), a company engaged in automobile repair and maintenance services. Mr. Li served as the factory director and legal representative of Aotong Repair & Assembly, and was responsible for its overall management and operations. From 1996 to 1998, Mr. Li served as the vice chairman of Dalian Toyota Maintenance & Service Co., Ltd. and general manager of Dalian Bonded Zone Toyota Automobile Sales Co., Ltd., and was responsible for the decisions of procurement and sales of automobiles as well as the management of the national distribution networks during his tenure. In 1998, Mr. Li founded Dalian Aotong Industry Co., Ltd. ("**Aotong Industry**"), a company engaged in distribution of automobiles. Aotong Industry is the predecessor of Zhongsheng (Dalian) Group Co., Ltd., which is presently a wholly-owned subsidiary of the Group. Mr. Li has substantial senior management experience and more than 34 years' of experience and in-depth knowledge of the PRC automobile industry. Mr. Li was listed on Forbes China's Best CEO List in 2020.

ZHANG Zhicheng (張志誠), aged 51, has been serving as vice-president of the Group since July 2008 and executive Director since 31 March 2014, and has been the Chief Operating Officer since November 2020. Mr. Zhang joined the Group in 2003, and has held numerous management positions in several of the Group's key operating subsidiaries, including Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd., Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. and Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd., primarily responsible for implementing the strategic decisions of the Group and liaising with the automakers regarding developing the brand automobile sales business of the Group. Mr. Zhang currently oversees the sales and management of the Group's brand automobile sales business. Mr. Zhang has over 20 years' relevant experience and in-depth expertise in the China's automobile industry. Mr. Zhang received a master's degree in Business Administration from Dongbei University of Finance and Economics in 2003. Mr. Zhang also received Peak Performance General Manager awards in both 2006 and 2007 from Toyota Motor (China) Investment Co., Ltd., as part of the Lexus Certification Program.

TANG Xianfeng (唐憲峰), aged 54, joined the Group in January 2014 and currently serves as an executive Director and vice-president of the Group, primarily responsible for construction and development. Prior to joining the Group, Mr. Tang served as the vice-president of Dalian Huarui Heavy Industry Group Co., Ltd. from January 2012 to December 2013. In addition, Mr. Tang also served as a designer in the research institute, office vice-director, assistant to the head of reducer factory, vice-director of labour and personnel department and head of port machinery factory of Dalian Daqi Group from 1999 to 2003. Mr. Tang joined Dalian DHI.DCW in June 2003 and served as the executive vice

head and head of Second Business Division, assistant to the general manager and vice general manager of the Group. Mr. Tang obtained a Bachelor's degree in lifting transportation and mechanical engineering from Taiyuan Heavy Machinery Institute in 1991 and obtained a master's degree in mechanical engineering from Wuhan University of Technology in 2006. Mr. Tang obtained the senior professional manager qualification and was qualified as professor and researcher level senior engineer.

YU Ning (于寧), aged 40, was appointed as vice-president and joint chief financial officer of the Company on 11 May 2021. Ms. Yu has been serving as an executive Director and chief financial officer of the Company since 27 March 2024. Ms. Yu previously worked as an auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP from July 2007 to May 2013. Ms. Yu then worked as a finance director in Dalian Yuanyang Yuye Jinqiang Yudiao Co., Ltd. (大連遠洋漁業金槍魚釣有限公司) from May 2013 to December 2018. Ms. Yu has joined the Company as a general manager of the finance department since January 2019. Ms. Yu graduated from East China University of Science with a bachelor's degree in Accounting in July 2006 and received a Master of Business Administration degree from Dalian Maritime University in July 2017.

ZHOU Xin (周新), aged 44, joined the Group in 2004 and currently serves as vice-president of the Group and general manager of the operations management centre of the Group, primarily responsible for the after-sales and accessories business and operations of the Group. Ms. Zhou has been serving as an executive Director since 27 March 2024. Ms. Zhou served as front desk supervisor of Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. From October 2004 to May 2010, and subsequently served as after-sales service manager of Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. from June 2010 to July 2012. Ms. Zhou served as vice general manager of Dalian Zhongsheng Nissan Sales & Services Co., Ltd. from August 2012 to January 2013. From January 2013 to December 2013, she served as senior finance and insurance manager of the Group, primarily responsible finance and insurance affairs. From January 2014 to January 2015, she served as regional director of after-sales services of the Group, leading the Group in promoting its automobile after-sale services. From January 2015 to February 2016, she served as general manager of Zhongsheng (Tian Jin) Insurance Sales & Co., Ltd., and was primarily responsible for handling insurance affairs of the company. From March 2016 to February 2017, she served as general manager of Dalian Zhongsheng Yingbin Toyota Sales & Services Co., Ltd. She served as executive director of Zhongsheng (Tian Jin) Insurance Sales & Co., Ltd. from December 2017 to November 2020. Ms. Zhou also served as general manager of the Volvo brand of the Group from January 2018 to February 2020 and head of the after-sale management department of the Group from February 2020 to October 2020. Ms. Zhou obtained a bachelor's degree in electronic commerce from Dongbei University of Finance and Economics in 2007, and was named an "Outstanding Businessperson" among a group of businesspersons for her contribution to the development of the Binhai New District, Tianjin in 2019.

NON-EXECUTIVE DIRECTORS

CHAN Ho Yin (陳豪賢), aged 46, has been serving as a non-executive Director since 31 December 2021. Mr. Chan joined the Board of Jardine Matheson Limited in April 2024, having first joined the Jardine Matheson Group in 2004. He is chief executive of Jardine Pacific, overseeing the portfolio of Jardine Pacific businesses. Prior to his current role at Jardine Pacific, he has worked in a range of senior management role across the Group,

including chief executive of Jardine Schindler Group and managing director of Zung Fu China. Mr. Chan is an associate of The Chartered Institute of Management Accountants and holds a Bachelor Degree from Oxford University.

SUN Yanjun (孫燕軍), aged 54, has been serving as a non-executive Director since 1 August 2022. Mr. Sun has over two decades of private equity investing, M&A and capital markets experience. Since August 2022, he is a Director of Jardine Matheson Limited and Chairman of Jardine Matheson (China) Limited, responsible for supporting Jardine Matheson's investments and business developments in the Chinese mainland, Taiwan, and Macau. Prior to joining Jardine Matheson Group, he was a Partner and Co-head of China at TPG Capital, leading private equity investments and facilitating business development efforts for TPG's global business units in China, including cross-border transactions and strategic partnerships. He was previously Managing Director in Goldman Sachs' Principal Investment Area — the investment bank's private equity unit — responsible for Greater China investments. Mr. Sun is a nonexecutive director of Yonghui Superstores Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code 601933) since 29 June 2023. Mr. Sun is an independent non-executive director of China National Building Material Company Limited (a company listed on Hong Kong Stock Exchange with stock code 3323). He was an alternate director and an alternate member of the audit committee of Greatview Aseptic Packaging Company Limited (a company listed on the Hong Kong Stock Exchange with stock code 468) ("**Greatview Aseptic**") to Mr. Pang Yiu Kai, a former non-executive director of Greatview Aseptic, from 1 August 2022 to 22 September 2023. He was a non-executive director of Phoenix Media Investment (Holdings) Limited (a company listed on the Hong Kong Stock Exchange with stock code 2008) from 5 November 2013 to 16 August 2019. Mr. Sun received a bachelor's degree in international finance from Renmin University of China (中國人民大學) in July 1992 and an MBA degree with high distinction from University of Michigan in May 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

SHEN Jinjun (沈進軍), aged 66, has been serving as an independent non-executive Director since 16 November 2009. Mr. Shen was an independent director of Beijing Changjiu Logistics Corp. (Stock code: 603569), a company listed on the Shanghai Stock Exchange from 7 May 2021 to 15 February 2023. Mr. Shen served as an independent non-executive director of Wuchan Zhongda Group Co., Ltd. (Stock code: 600704), a company listed on the Shanghai Stock Exchange, from August 2011 to April 2017, and served as an independent non-executive Director of China Grand Automotive Services Co., Ltd. (Stock code: 600297), a company listed on the Shanghai Stock Exchange, from July 2015 to August 2021. Mr. Shen has been an independent non-executive director of Changjiu Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6959), since 11 December 2023. Mr. Shen has served as deputy chairman and secretary chief for China Automobile Dealers Association ("**CADA**") since 2005 and has served as the chairman for CADA since 5 November 2014. Mr. Shen has also worked as the deputy chief of the Transport and Mechanical Section of Mechanical and Electrical Equipment Division of the State Administration of Supplies, chief of Automobile Section of Mechanical and Electrical Equipment Circulation Division of Ministry of Internal Trade and the chief of the Electrical, Mechanical and Metallic section of Production Circulation Division of the State Administration of Domestic Commerce. During that time, Mr. Shen was mainly responsible for administering the automobile dealing industry and participated in the formulation of

related regulations. Mr. Shen completed all the related courses of an associate degree majoring in electronics at the Beijing Open University in 1982 and obtained a graduation certificate.

CHIN Siu Wa Alfred (錢少華) (Former name: QIAN Shaohua), aged 67, was appointed as an independent non-executive Director on 10 August 2018. Mr. Chin served as group vice president at Shangri-La Asia Limited (“SA”, a company listed on the Hong Kong Stock Exchange with stock code 69) from February 2017 to December 2018 and served as the vice president of development at SA from February 2004 to September 2007. Mr. Chin also served as the non-executive director of the Kerry Logistics Network Limited (a company listed on the Hong Kong Stock Exchange with stock code 636) from November 2013 to May 2019. Mr. Chin served as a director of Kerry Properties Limited (“KPL”, a company listed on the Hong Kong Stock Exchange with stock code 683) from September 2007 to January 2017 and was re-designated as an executive director of KPL from July 2009 to January 2017. He also served as a co-managing director of KPL from August 2013 to September 2015. Mr. Chin served as the chairman and general manager of Zhongshan City Tourism Group Company, a state-owned enterprise primarily engaged in the business of tourism development, from January 1996 to May 2002, where he was responsible for the day-to-day general management, asset management, and business development primarily for the PRC market. Mr. Chin graduated from South China Normal University in 1986 and completed an advanced management programme at Harvard Business School in 2002.

YING Wei (應偉), aged 57, has served as an independent non-executive Director since 19 December 2016. Mr. Ying served as a director of Giant Network Group Co., Ltd (formerly Chongqing New Century Cruise Co., Ltd.) (a company listed on the Shenzhen Stock Exchange, stock code: 2558) from May 2016 to February 2021, an independent non-executive Director of CHTC Fong’s International Company Limited (formerly CHTC Fong’s Industries Company Limited) (a company listed on the Hong Kong Stock Exchange, stock code: 641) from September 2011 to March 2022 and a director of Sinocelltech Group Limited (a company listed on Shanghai Stock Exchange, stock code: 668520). Currently, Mr Ying is an independent non-executive director of Fountain Set (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 420) and a director of Microvast Holdings, Inc. (a company listed on American NASDAQ, stock code: MVST). Mr. Ying is also a managing partner of CDH Shanghai Dinghui Bai Fu Investment Management Co., Ltd. Mr. Ying is a non-practising member of The Chinese Institute of Certified Public Accountants and holds a master’s degree in Business Administration from the University of San Francisco and a bachelor’s degree in Economics from Zhejiang Gongshang University (formerly Hangzhou College of Commerce).

LI Yanwei (李顏偉), aged 49, has been serving as an independent Non-executive Director since 9 December 2019. Mr. Li joined Sina.com Technology (China) Co., Ltd. in 2003 and was engaged in the work relating to media in respect of the automobile industry. Mr. Li has been the founder of 秒車信息技術有限公司 Miaoche Information Technology Co., Ltd. since 2014. Mr. Li has also been a member of the expert committee of CADA since 2015. For every year from 2016 to 2019, Mr. Li was honoured with the title of Outstanding Expert of CADA. Mr. Li obtained a bachelor’s degree in law from Yanbian University.

OTHER SENIOR MANAGEMENT

HAO Qing (郝青), aged 48, joined the Group in July 1998 and currently serves as vice-president and Lexus brand general manager of the Group. Ms. Hao served as a sales manager in Dalian Free Trade Zone Nissan Automobile Sales and Service Co., Ltd. from July 1998 to August 2005. Ms. Hao joined Dalian Zhongsheng Lexus Automotive Sales & Service Co., Ltd. (“**Dalian Zhongsheng Lexus**”) from August 2005 to January 2012 and served as a sales manager, the vice-president and general manager. In addition, Ms. Hao served as the brand operation director and store manager at the Lexus Brand Office and Dalian Zhongsheng Lexus from January 2012 to December 2013; the regional general manager in the Dalian Regional Office and the general manager and store manager in the Lexus Brand Office from December 2013 to July 2015; and the brand general manager and store manager in the Lexus Brand Office from July 2015 to April 2019. Ms. Hao received the honour of National Outstanding General Manager of Lexus China Distributor from 2010 to 2013. Ms. Hao obtained a Bachelor’s degree in English from Liaoning Normal University.

LI Yuanhua (李遠華), aged 43, joined the Group in October 2014 and currently serves as vice-president and head of audit and supervision department, primary responsible for duties in merger and acquisition, audit and supervision. Prior to joining the Group, Ms. Li served in the finance and accounting department, securities department and branch office at Dalian Huarui Heavy Industry Group Co., Ltd. from July 2002 to November 2007 and served as the chief accountant at Dalian Huarui Heavy Industry Crane Company from December 2007 to January 2012, responsible for financing, salary management, bidding and operation management. In addition, Ms. Li served as the chief accountant at Dalian Huarui Heavy Industry Group Complete Company from January 2012 to September 2014, responsible for financing, procurement, engineering cost, risk control. Ms. Li served as a director of the audit and supervision department of the Group from October 2014 to July 2017, responsible for internal audit and served as a director of the financial management department and a director of the supervision department of the Group from August 2017 to November 2019. Ms. Li has been honoured the title of Model Worker several times from 2007 to 2013. In 2003, Ms. Li has been honoured the title of Dalian Model Worker. Ms. Li obtained a bachelor’s degree in accounting from Harbin University of Science and Technology in 2002 and qualified as an associate member (AAIA) of The Association of International Accountants in 2012.

Daniel Zheng ZHOU (周正), aged 38, joined the Company as chief strategy officer in February 2023, primarily responsible for financial and strategic planning and capital markets related matters. Prior to joining the Company, Mr. Zhou served as the chief financial officer of Minovate Inc. from May 2021 to January 2023. From November 2017 to April 2021, he served as the chief financial officer of VCREDIT Holdings Limited, (a company listed on the Hong Kong Stock Exchange, stock code: 2003). Prior to that, he served as a vice president at Credit Suisse from May 2016 to November 2017, worked at Goldman Sachs from June 2015 to April 2016, and worked at Blackstone from March 2011 to May 2015. Mr. Zhou obtained a bachelor of business administration degree in finance from Hong Kong University of Science and Technology and a master of business administration degree from the Sloan School of Management of Massachusetts Institute of Technology.

COMPANY SECRETARY

YAO Zhenchao (姚振超), aged 43, was appointed as joint company secretary of the Company on 1 April 2019 and has served as the sole company secretary of the Company since 1 August 2022. She joined the Group in July 2011 and currently serves as the chief legal officer of the Company. She is admitted as a registered attorney in the PRC and the State of New York, the United States of America.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHARE OPTIONS

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules, were as follows:

Interests and short positions in the Company's shares

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Total number of ordinary shares</u>	<u>Approximate percentage of shareholding (%)</u>
Mr. Huang Yi	Interest of controlled corporation, founder of a discretionary trust and agreement to acquire interests and beneficial owner	1,161,075,874 (Long position)	48.67
Mr. Li Guoqiang	Interest of controlled corporation, founder of a discretionary trust and agreement to acquire interests and beneficial owner	1,161,075,874 (Long position)	48.67
Mr. Zhang Zhicheng	Beneficial owner	5,500,000 (Long position) ⁽¹⁾	0.23
Mr. Chin Siu Wa Alfred	Beneficial owner	100,000 (Long position)	0.00
Mr. Li Yanwei	Beneficial owner	71,000 (Long position)	0.00

(1) These interests represent options granted to the Director under the Share Option Scheme.

Interests and short positions in the Company's debentures

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Currency and amount of debenture</u>	<u>Amount of debenture in same class in issue</u>	<u>Type of Debenture</u>
Mr. Huang Yi	Beneficial owner	US\$10,000,000	US\$450,000,000	3% bonds due 2026
Mr. Li Guoqiang	Beneficial owner	US\$10,000,000	US\$450,000,000	3% bonds due 2026

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations, which were required (a) to be notified to the Company and the Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of Part XV of the SFO:

Interests and short positions in the shares and underlying shares of

<u>Name of shareholder</u>	<u>Capacity/Nature of interest</u>	<u>Total number of ordinary shares</u>	<u>Approximate percentage of shareholding (%)</u>
Blue Natural Development Ltd. ⁽¹⁾ . . .	Beneficial owner and agreement to acquire interests	1,161,075,874 (Long position)	48.67
Light Yield Ltd. ⁽²⁾	Beneficial owner, interest of controlled corporation and agreement to acquire interests	1,161,075,874 (Long position)	48.67
Vest Sun Ltd. ⁽³⁾	Interest of controlled corporation and agreement to acquire interests	1,161,075,874 (Long position)	48.67
Mountain Bright Limited ⁽⁴⁾	Beneficial owner and agreement to acquire interests	1,161,075,874 (Long position)	48.67
UBS TC (Jersey) Ltd.	Trustee and agreement to acquire interests	1,161,075,874 (Long position)	48.67
Vintage Star Limited ⁽⁵⁾	Beneficial owner and agreement to acquire interests	1,161,075,874 (Long position)	48.67
Jardine Matheson Holdings Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
Jardine Strategic Limited.	Interest of controlled corporation	505,816,116 (Long position)	21.20
JMH Investments Limited.	Interest of controlled corporation	505,816,116 (Long position)	21.20
JSH Investment Holdings Limited.	Beneficial owner	505,816,116 (Long position)	21.20

(1) Blue Natural Development Ltd. is owned by Light Yield Ltd. (62.3%) and Vest Sun Ltd. (37.7%). Mr. Huang Yi and Mr. Li Guoqiang are directors of Blue Natural Development Ltd.

(2) Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.

(3) Vest Sun Ltd. is wholly-owned by Mr. Li Guoqiang, who is also the sole director of Vest Sun Ltd.

(4) Mountain Bright Limited is wholly-owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Huang Yi (the settler of the trust) and his family.

(5) Vintage Star Limited is wholly-owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

Save as disclosed above, as at 31 December 2023, the Directors and chief executives of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved by a resolution of the shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. The Share Option Scheme expired on 25 March 2020. No further options can be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of the Share Option Scheme or otherwise as handled in accordance with the provisions of the Share Option Scheme.

On 26 April 2018, the Company offered to grant share options (the “**Share Options**”) to two eligible Directors (namely Mr. Du Qingshan and Mr. Zhang Zhicheng) under the Share Option Scheme, subject to acceptance by Mr. Du Qingshan and Mr. Zhang Zhicheng, which will entitle them to subscribe for an aggregate of 11,000,000 new ordinary shares of HK\$0.0001 each in the capital of the Company. The Share Options were fully vested from 26 April 2019. The Share Options are exercisable from 26 April 2019 to 25 April 2028 (both dates inclusive) at a price of HK\$22.60 per share. The closing price of the shares in the Company immediately before 26 April 2018 was HK\$22.35 per share. On 30 October 2023, the Company cancelled the 5,500,000 Share Options granted to Mr. Du Qingshan under the Share Option Scheme.

As at the date of this Offering Circular, no other options have been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at the date of this Offering Circular, the total number of shares available for issue under the Share Option Scheme was 5,500,000, representing approximately 0.23% of the issued share capital of the Company.

TAXATION

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

CAYMAN ISLANDS

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, we have obtained an undertaking from the Governor in Cabinet of the Cayman Islands:

- That no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income, gains or appreciation shall apply to us or our operations; and
- That no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) On or in respect of our shares, debentures or our other obligations; or
 - (ii) By way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised) of the Cayman Islands.

The concessions shall be for a period of 20 years from the date of the undertaking, which is 1 July 2008.

Under the existing Cayman Islands laws:

- (a) payments of interest and principal on the Bonds will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Bonds, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (b) no stamp duty is payable with respect to the issue of the Bonds and the Global Bond Certificate; and
- (c) an instrument of transfer in respect of the Bonds or the Global Bond Certificate is subject to certain stamp duties which may be applicable, from time to time, if executed in, or, after execution, brought within the jurisdiction or produced before a court of the Cayman Islands.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong on payments of principal or interest with respect to the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

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

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the IRO) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a

trade, profession or business in Hong Kong are regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when they are received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

Estate Duty

There is no estate duty in Hong Kong, and thus no estate duty is payable under the Estate Duty Ordinance in respect of the Bonds.

PEOPLE'S REPUBLIC OF CHINA

Under the EIT Law and the Implementation Rules both of which took effect on 1 January 2008 and were recently amended on 29 December 2018 and 23 April 2019, respectively, enterprises established outside the PRC whose “de facto management bodies” are located in China are considered as “PRC tax resident enterprises”. The Implementation Rules define the term “de facto management body” as a management body that exercises overall and substantial control and management over the business, personnel, accounts and properties of an enterprise. The Company holds its shareholders’ meeting and board meetings outside China and keeps its shareholders’ list outside China. However, most of the Company’s Directors and senior management are currently based inside China and the Company keeps its books of account inside China. The above elements may be relevant for the tax authorities to determine whether it is a PRC resident enterprise for tax purposes. Although it is unclear under PRC tax law whether the Company has a “de facto management body” located in China for PRC tax purposes, it intends to take the position that it is not a PRC resident enterprise for tax purpose. The Company cannot assure you that tax authorities will respect its position. The Company’s PRC counsel, Commerce & Finance Law Office, has advised the Company that if it is deemed to be a PRC resident enterprise for enterprise income purpose, among other things, the Company would be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. Furthermore, the Company would be obligated to withhold PRC income tax of 7% on payments of interest on the Bonds to qualified investors that are non-resident enterprises located in Hong Kong or 10% on payments of interest or dividends to other investors, because the interest or dividends would be regarded as being derived from sources within the PRC. Such tax on interest or dividend payments to non-resident individual holders would be withheld at 20%. If the Company fails to do so, it may be subject to fines and other penalties. In addition, any gain realised by such non-resident enterprise investors from the transfer of the Bonds would be regarded as being derived from sources within the PRC and accordingly would be subject to PRC income tax at a rate of 10% and 20% in the case of non-resident individuals. However, if the Company is not considered as a PRC resident enterprise for enterprise income purposes, non-resident enterprise investors would not be subject to PRC income tax on any interest received on the Bonds or any gains realised from the transfer of the Bonds.

SUBSCRIPTION AND SALE

The Company has entered into a subscription agreement with the Joint Lead Managers dated 23 July 2024 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Company has agreed to sell to the Joint Lead Managers, and each Joint Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds at the Issue Price as set forth opposite its name below.

	Principal Amount of the Bonds to be subscribed <hr style="border-top: 1px solid black;"/> (U.S.\$)
Joint Lead Managers	
Goldman Sachs (Asia) L.L.C.	87,000,000
The Hongkong and Shanghai Banking Corporation Limited	87,000,000
Morgan Stanley & Co. International plc	87,000,000
MUFG Securities Asia Limited	85,000,000
Mizuho Securities Asia Limited	85,000,000
J.P. Morgan Securities (Asia Pacific) Limited	85,000,000
China CITIC Bank International Limited	<u>84,000,000</u>
TOTAL	<u><u>600,000,000</u></u>

The Company has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate the Subscription Agreement in certain circumstances at any time up to the time when subscription moneys have been received and the Bonds issued.

The Joint Lead Managers and certain of their affiliates have, from time to time, performed, and may in the future perform, certain investment banking and advisory services for the Company and/or their affiliates for which they have received or will receive customary fees and expenses. The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Company.

The Joint Lead Managers or their respective affiliates may purchase the Bonds for their own account and enter into transactions, including (i) credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities or (ii) equity derivatives and stock loan transactions relating to the shares of the Company or its 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 Circular relates (notwithstanding that such selected counterparties may

also be purchasers of the Bonds). The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain commercial banking, investment banking and advisory services for the Company or the Group from time to time for which they have received customary fees and expenses. In addition to the transactions services for the Company or the Group, the Joint Lead Managers may, from time to time, engage in other transactions with and perform services for the Company or the Group in the ordinary course of business of the Company or the Group.

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

In connection with the issue of the Bonds, the joint lead managers (if any) acting as Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager), provided that China CITIC Bank International Limited shall not be acting in such capacity, may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Joint Lead Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular.

CMI should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMI should enquire with their investor clients regarding any orders which appear unusual or irregular. CMI should disclose the identities of all investors when submitting orders for the relevant Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMI should not place “X-orders” into the order book.

CMI should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

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

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMI (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: gs-hk-dcm-omnibus@gs.com, hk_syndicate_omnibus@hsbc.com.hk, omnibus_debt@morganstanley.com, investor.info.hk.oc.bond.deals@jpmorgan.com, Omnibus_Bond@hk.mizuho-sc.com, and Asia-Syndicate@hk.sc.mufg.jp.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i)–(vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “**EU Annexes**”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the

Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic or Luhansk People’s Republic. “Sanctions Authority” means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People’s Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

SELLING RESTRICTIONS

General

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

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers.

United States

The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented, warranted and undertaken to the Issuer that:

1. it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act; and

2. neither it nor any of its Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) (nor any person acting on behalf of such Joint Lead Manager or any of its Affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds.

Terms used in the paragraph above have the meanings given to them by Regulation S.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds 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 (11) of Article 4(1) of MiFID II; or
- (b) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”).

Other regulatory restrictions

Each Joint Lead Manager has further represented, warranted and undertaken 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 the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “EU MiFID II”).

Hong Kong

Each Joint Lead Manager has represented, warranted and undertaken that:

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

Singapore

Each Joint Lead Manager has represented, warranted and undertaken that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

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

The People's Republic of China

Each Joint Lead Manager has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macao Special Administrative Regions or Taiwan), except as permitted by the applicable laws and regulations of the People's Republic of China.

The Cayman Islands

Each Joint Lead Manager has represented, warranted and undertaken that it has not made and will not make any invitation to the public in the Cayman Islands or a natural person who is a Cayman Islands resident or citizen to subscribe, offer or sell the Bonds.

Canada

The Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 286727263 and the International Securities Identification Number for the Bonds is XS2867272630.
2. **Legal Entity Identifier:** The Legal Entity Identifier (LEI) of the Issuer is 3003005VYMEBAJNJ2Y26.
3. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange will become effective on or about 31 July 2024.
4. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of the Board of Directors of the Issuer passed on 19 July 2024.
5. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospect of the Issuer or the Group since 31 December 2023.
6. **Litigation:** Neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened.
7. **Audited Financial Information:** The Company's Audited Financial Information incorporated by reference in this Offering Circular have been audited by Ernst & Young, Certified Public Accountants, as stated in its report appended to such statements.
8. **Documents:** Copies of the latest published annual report, the Group's consolidated financial statements for the years ended 31 December 2022 and 2023, the Data Privacy Notice, as well as the Company's Memorandum and Articles of Association and copies of the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date at all reasonable times during usual business hours (between 9:00 a.m. and 3:00 p.m.) on weekdays (Saturdays, Sundays and public holidays excepted), at the specified office of the Company at Room 1803-09, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. Copies of the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date upon prior written request and satisfactory proof of holding at the principal office of the Principal Paying Agent at 160 Queen Victoria Street, London EC4V 4LA United Kingdom during normal business hours, so long as any of the Bonds is outstanding.

ISSUER

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