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**Pharmaron Beijing Co., Ltd.\***

**康龍化成(北京)新藥技術股份有限公司**

(於中華人民共和國註冊成立的股份有限公司)

(股份代號：3759)

**刊發發售通函**

**300.0百萬美元於2026年到期的零息可轉換債券**

(債務股份代號：40725)

**人民幣1,916.0百萬元於2026年到期的零息美元結算可轉換債券**

(債務股份代號：40733)

本公告乃根據香港聯合交易所有限公司（「**聯交所**」）證券上市規則（「**上市規則**」）第37.39A條刊發。

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承董事會命  
康龍化成（北京）新藥技術股份有限公司  
主席  
樓柏良博士

中華人民共和國，北京  
2021年6月21日

於本公告日期，本公司董事會包括執行董事樓柏良博士、樓小強先生及鄭北女士；非執行董事陳平進先生、胡柏風先生、李家慶先生及周宏斌先生；獨立非執行董事戴立信先生、陳國琴女士、曾坤鴻先生及余堅先生。

\* 僅供識別

## IMPORTANT

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**Pharmaron Beijing Co., Ltd.\***  
**康龍化成(北京)新藥技術股份有限公司**

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

(stock code: 3759)

**US\$300,000,000 Zero Coupon Convertible Bonds due 2026 (the "Series 1 Bonds")**  
**RMB1,916,000,000 Zero Coupon USD Settled Convertible Bonds due 2026 (the "Series 2 Bonds")**

**Issue Price for the Series 1 Bonds: 100 per cent.**

**Issue Price for the Series 2 Bonds: 100 per cent.**

The zero coupon convertible bonds due 2026 in the aggregate principal amount of US\$300,000,000 (the "Series 1 Bonds") and the zero coupon convertible bonds due 2026 in the aggregate principal amount of RMB1,916,000,000 (the "Series 2 Bonds"), and together with the Series 1 Bonds, the "Bonds" and each a "Series", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with the terms and conditions of each series of the Bonds set out in "Terms and Conditions of the Series 1 Bonds" and "Terms and Conditions of the Series 2 Bonds" (together, the "Conditions" or the "Terms and Conditions") and each of the Conditions, a "Condition" and the Terms and Conditions shall mean the Terms and Conditions of the Series 1 Bonds or the Series 2 Bonds as the context requires) will be issued by Pharmaron Beijing Co., Ltd.\* (the "Company", the "Issuer", "Pharmaron", "we" or "us").

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 3.1 (*Negative Pledge*) of the Terms and 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 3.1 of the Terms and Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and canceled) at any time on or after the 41st day after June 18, 2021 (the "Issue Date") up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined herein) of each respective Series (both days inclusive) into fully paid ordinary H Shares with a nominal value of RMB1.00 each of the Company (the "Shares") at an initial conversion price of HK\$250.75 per Share for Series 1 Bonds and HK\$229.50 per Share for Series 2 Bonds, respectively, with a fixed exchange rate of HK\$ 7.7588 to US\$1.00 and a fixed exchange rate of HK\$1.2143 to RMB1.00 (each, a "Fixed Exchange Rate"). The conversion price is subject to adjustment in the circumstances described under "Terms and Conditions of the Series 1 Bonds – Conversion" and "Terms and Conditions of the Series 2 Bonds – Conversion".

The Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal and premium (if any) is improperly withheld or refused.

Unless previously redeemed, converted or purchased and canceled as provided in the Terms and Conditions, the Issuer will redeem each Series 1 Bond at 100.0 per cent. of its principal amount and each Series 2 Bond at the U.S. Dollar Equivalent (as defined therein) of 107.76% of its principal amount on the Maturity Date. On giving not less than 30 nor more than 60 days' notice, the Issuer may redeem the Bonds in whole, but not in part at, in respect of the Series 1 Bonds, the principal amount, and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount as of the date specified for redemption, in relation to the Series 1 Bonds only (i) at any time after June 18, 2024 but prior to the Maturity Date, subject to certain conditions as specified in the Terms and Conditions, or in relation to both Series (ii) at any time if, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith) (which shall for this purpose include any further bonds issued in accordance with Condition 15 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith) has already been converted, redeemed or purchased and canceled. The Bonds may also be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice, at, in respect of the Series 1 Bonds, the principal amount, and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount as of the date of redemption in the event of certain changes or amendments relating to the People's Republic of China (the "PRC") or Hong Kong taxation, as further described in the Terms and Conditions, subject to the non-redemption option of each holder after the exercise by the Issuer of its tax redemption option as described in the Terms and Conditions. The holder of each Bond will also have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds at, in relation to the Series 1 Bonds, their principal amount, and in relation to the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount as of the date of redemption following the occurrence of a Relevant Event (as defined in the Terms and Conditions). See "Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation" and "Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation". The holder of each Bond will also have the right at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on June 18, 2024 (the "Put Option Date") at, in relation to the Series 1 Bonds, 100.0 per cent., and in relation to the Series 2 Bonds, the U.S. Dollar Equivalent of 104.59 per cent. of their principal amount.

Application will be made to the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the permission to deal in, and for the listing of, the Bonds on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) ("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 Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, or quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer. 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.

**Investing in the Bonds and the Shares involves certain risks. See "Risk Factors" beginning on page 31 for a discussion of certain factors to be considered in connection with the investment in the Bonds and the Shares.** Specifically, investors should be aware that the Bonds are convertible into ordinary H Shares of the Company and that there are various other risks relating to the Bonds, the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See "Risk Factors" in relation to the convertible feature beginning on page 54.

**The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or other securities laws and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale."**

Each Series of the Bonds will be represented by beneficial interests in a global certificate (each, a "Global Certificate", and together, the "Global Certificates") in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date, with a common depository for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

**Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners**

**Goldman Sachs (Asia) L.L.C.**

**CLSA Limited**

**Joint Bookrunners and Joint Lead Managers**

**Goldman Sachs (Asia) L.L.C.**

**CLSA Limited**

**J.P. Morgan Securities plc**

**The date of this Offering Circular is June 8, 2021**

\* For identification purpose only

## IMPORTANT NOTICE

This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular 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.

The Company, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Company, and to the Company and its subsidiaries (collectively, the “**Group**”) and to the issue of the Bonds and Shares, which is material in the context of the issue and offering of the Bonds (the “**Offering**”) (including all information which, according to the particular nature of the Company, the Group and of the Bonds and the Shares, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company, the Group, the Bonds and the Shares), (ii) all statements of fact relating to the Company, the Group and to the Bonds and the Shares contained in this Offering Circular are in all material respects true and accurate and not misleading, and that there are no other facts in all material respects in relation to the Company, the Group and to the Bonds and the Shares the omission of which would in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading, (iii) the statements of intention, opinion, belief or expectation with regard to the Company and the Group contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions and (iv) all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular. The Company accepts full responsibility for the information contained in this Offering Circular.

This Offering Circular has been prepared by the Company solely for use in connection with the proposed offering of the Bonds described in this Offering Circular and may not be reproduced, redistributed or made available in whole or in part to any other person for any purpose. 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 Company 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 document 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, European Economic Area (“**EEA**”), the PRC, Hong Kong, Singapore, Japan and the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

Each prospective investor acknowledges that it is purchasing the Bonds for its own account and not with a view to distribution thereof, and it is, or at the time of its purchase will be, the beneficial owner of the Bonds purchased and (i) outside the United States; and (ii) not an affiliate of the Issuer or a person acting on behalf of such an affiliate. Each prospective investor acknowledges that its purchase of the Bonds is lawful under the securities laws of the jurisdiction in which such prospective investor accepts the offer to purchase the Bonds.

The completion of the Offering is subject to the satisfaction and/or waiver of customary conditions precedent and the Joint Lead Managers may exercise their discretion to terminate the transaction for reasons set forth in the Subscription Agreement (as defined below). Each person receiving this Offering Circular represents and acknowledges that none of the Joint Lead Managers will be held liable for any damages as a result of non-completion of the Offering or for the exercise of such rights or discretion.

No person has been or is authorized to give any information or to make any representation concerning the Company, 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 authorized by the Company, the Joint Lead Managers, Citicorp International Limited as the trustee (the “**Trustee**”) or the Agents (as defined

in “*Terms and Conditions of the Bonds*”). 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 Company, 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 Company, the Joint Lead Managers, the Trustee or the Agents 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 authorized or is unlawful.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates has separately verified the information contained in this Offering Circular and none of them can give any assurance that this information is accurate, truthful or complete. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or 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 or Shares, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, recommendation, representation or warranty, express or implied, by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates. 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 the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates that any recipient of this Offering Circular should purchase the Bonds.

Each prospective investor agrees not to hold the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates responsible for any misstatements in or omissions from this Offering Circular. Each person receiving this Offering Circular acknowledges that such person has not relied on any investigation or due diligence conducted by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Company and the Group and the merits and risks involved in investing in the Bonds. Each prospective investor 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 Company, the Group and the terms of the offering of the Bonds, including the merits and risks involved. Each prospective investor acknowledges that it has such knowledge and experience in financial, business and international investment matters such that it is capable of evaluating the merits and risks of investing in the Bonds, and understands that entering into the Offering involves a high degree of risk and that the Bonds are a speculative investment. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each prospective investor acknowledges that the Shares are listed on the Hong Kong Stock Exchange and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the Hong Kong Stock Exchange, which includes, among other things, descriptions of the Group’s principal activities, and the balance sheets, income statements and cash flow statements and other information relating to the Group which is necessary to enable holders of the Shares and the public to appraise the position of the Company and the Group, and each prospective investor is able to obtain or access such information without undue difficulty. Nothing herein shall be construed as a recommendation to each such person to purchase the Bonds. To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates accepts any responsibility for the contents of this Offering Circular.

Each of the Joint Lead Managers, the Trustee, the Agents and their respective directors, officers, employees, agents, advisers, representatives or affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates undertakes to review the Company's or the Group's business, financial condition, results of operations, prospects or affairs after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates.

Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Company, the Group, the Bonds or the Shares. In making an investment decision, prospective investors must rely on their examination of the Company, the Group and the terms of this Offering, including the merits and risks involved. The Bonds have not been approved or recommended by any Hong Kong or other regulatory authority. Furthermore, the contents of this Offering Circular have not been reviewed by any Hong Kong or other regulatory authority. The foregoing authorities have not passed upon or endorsed the merits of the Offering or confirmed the accuracy or determined the adequacy of this Offering Circular. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able or advisable to purchase the Bonds under applicable laws or regulations.

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

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Company’s and the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Company or the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “seek”, “should”, “estimate” or similar expressions or the negatives thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company’s or the Group’s control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company’s and the Group’s present and future business strategies and the environment in which the Company or the Group will operate in the future. Important factors that could cause the Company’s or the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- the Group’s operations and business prospects;
- business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which the Group operates;
- general economic, political and business conditions in locations where the Group operates;
- the Group’s financial condition, performance and results of operations;
- the Group’s capital expenditure plans;
- various business opportunities that the Group may pursue;
- availability of and changes to bank loans and other forms of financing;
- the Group’s ability to expand and manage its growth, both within the PRC and abroad;
- the Group’s dividend policy;
- changes to the regulatory environment, politics, operating conditions of and general outlook in the industries and markets in which the Group operates;
- possible disruptions to commercial activities due to natural and human-induced disasters, including, but not limited to, floods, earthquakes, epidemics, terrorist attacks and armed conflicts;
- the Group’s expectation with respect to the ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of the Group’s business;
- the actions of and developments affecting competitors of the Group;
- the actions of and development affecting the major customers and suppliers of the Group;
- certain statement in the Offering Circular with respect to overall market trends;



- changes in currency exchange control and rates; and
- other factors beyond the Group's control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this Offering Circular. The Company cautions investors not to place undue reliance on these forward-looking statements which reflect its managements' view only as of May 31, 2021. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

## PRESENTATION OF FINANCIAL INFORMATION

The Company's consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statements of financial position as of December 31, 2018, 2019 and 2020 and for the years ended December 31, 2018, 2019 and 2020 have been extracted from the consolidated financial statements of the Company for the years ended December 31, 2018, 2019 and 2020 contained in the prospectus of the Company dated November 14, 2019 (the "**Prospectus**") and/or the Company's 2020 annual report ("**2020 Annual Report**"), which have been audited by Ernst & Young, Certified Public Accountants, and incorporated by reference in this Offering Circular. The Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards ("**IFRSs**").

The audited consolidated financial statements of the Company (including the related audit reports and the notes thereto) which are contained in pages I-1 to I-93 of the Prospectus, pages 121 to 217 of the 2020 Annual Report are incorporated by reference in this Offering Circular. Copies of the Prospectus, the 2020 Annual Report are available and may be downloaded free of charge from the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column. You should not construe any exchange rate translations as representations that the relevant exchange and amounts could actually be converted into the amounts expressed.

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## SUMMARY

*The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled "Risk Factors", to determine whether an investment in the Bonds is appropriate.*

### Overview

Pharmaron is a leading fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for our customers. The Company is one of the top three drug discovery service providers globally in terms of total revenue in 2020, according to Frost & Sullivan. The Company has established our leadership in drug discovery, pre-clinical and early clinical-stage development, while it has also been expanding its capabilities downstream to late clinical-stage development and commercial manufacturing. In expanding along the pharmaceutical R&D process, the Company has established expertise in all major R&D functions to deliver key milestones in each R&D stage, thereby enabling its customers to conduct their R&D programs in an accelerated manner.

As a leading drug discovery pharmaceutical R&D service provider, the Company accumulated profound scientific insights on molecules and built customers' trust since early stage of their innovative drug research and development. As such, when its customers further develop their R&D programs to the preclinical and clinical development stages, the Company is in the unique position to become their partner of choice in their subsequent R&D programs. In order to meet the customers' needs for R&D services, the Company naturally expanded its service offerings into clinical development and CMC (small molecule CDMO) services and became a fully integrated service provider. In 2019 and 2020, the Company further expanded its service offerings into biologics services and strengthened our technology platforms through strategic acquisitions in the U.S. and the U.K. the Company's integrated solutions and profound understanding of customers' needs further enable it to provide customized pharmaceutical R&D services beyond service and geographic boundaries.

The Company operates globally through its 16 laboratories, clinical and manufacturing facilities in China, the U.S. and the U.K., of which eight operating facilities are located overseas. The Company's profound experience in global pharmaceutical R&D, together with its global operations and world-class technical capabilities, allows it to offer its customers a unique proposition that combines the Company's technical expertise in different geographic location and efficient services with seamless integration. In addition, the Company's experience to conduct regulatory filings in various jurisdictions and its total solution approach enable its customers to file investigational new drug (IND) applications for their drug candidates in China, the U.S. or Europe in parallel and better support them when they enter into the overseas markets, which provides greater flexibility and efficiency in their business development strategies. In 2020, the Company submitted 58 IND applications for its pharmaceutical and biotech customers in China, among which 46 were IND applications targeting multiple jurisdictions (include China, the U.S. and EU), which demonstrated the advantage of and strong demand for its total solution approach.

The Company has a large, diverse and loyal customer base. As of December 31, 2020, it had an aggregate of over 1,500 customers, which included all of the top 20 global pharmaceutical companies that contributed to 23.7% of its revenue in 2020, and many reputable biotech companies. The Company is also a partner of choice of fast-growing start-ups and virtual biotech companies. Its loyal and growing customer base allows it to expand to new services along the drug discovery and development processes, as its existing customers' projects progress further. In addition, the comprehensive service offerings of the Company enable it to cross-sell services of different scientific functions to meet the customers' evolving needs. For example, over 80% of the revenue from its biologics services in 2020 was generated from its existing customers who used the Company's laboratory services for small molecule drugs, and nearly 80% of the revenue from the Company's CMC (small molecule CDMO) services in 2020 was generated from existing customers using its laboratory services. The strong execution capabilities of the Company and quality customer services are widely recognized by our customers, which increases its customer stickiness and enables it to develop long term cooperation/partner relationship with them.

The Company is devoted to providing customers with world-class pharmaceutical R&D services. Since inception, the Company has put great emphasis on technology and innovation to fuel the constant growth of its business and satisfy the evolving R&D needs of its customers. It develops new technologies through multiple measures such as internal research and development, collaboration with academic and professional institutions, customer collaboration and acquisitions. In recent years, the Company has been strategically developing new technologies and capabilities in chemistry and bioscience areas, and committed to further strengthening of the integrated services platform.

Led by Dr. LOU, the chairman and chief executive officer of the Company, the highly skilled and experienced management team with diverse expertise and extensive knowledge has significantly contributed to the growth of the Company's institutional knowledge base. In addition, their international background, together with their deep understanding of the China market and the open and embracing corporate culture of the Group, provide it with global expansion capabilities. In addition, the management team of the Company has established a highly experienced talent pool with strong execution capabilities. As of December 31, 2020, it had over 9,800 scientists and research technicians in China, the U.K. and the U.S. The Company is committed to its corporate philosophy of "Employee First and Customer Centric" which puts strong emphasis on employee training and improves all mechanisms so as to integrate their career development into the Company's overall development strategy. In order to develop and train its talents, the Company provides continuous training programs to its employees through "Pharmaron College," visiting scholar programs and various symposiums, forums and lectureship. Through these initiatives, its team members can acquire updates on the most advanced technology and techniques, thereby supporting the Company's continued and sustainable expansion with a cohesive, vibrant and stable mid-level management team.

The Company experienced significant growth during the three years ended December 31, 2020. Its revenue increased significantly from RMB2,908.1 million in 2018 to RMB3,757.2 million in 2019 and further to RMB5,133.6 million in 2020, representing a CAGR of 32.9%. Its net profit increased significantly from RMB335.8 million in 2018 to RMB530.7 million in 2019 and further to RMB1,147.0 million in 2020, representing a CAGR of 84.8%.

### **Competitive Strengths**

The Group believes the following strengths have contributed to its success and differentiate the Group from its competitors:

- Leading fully-integrated pharmaceutical R&D services platform with strong capabilities and comprehensive service offerings across the globe;
- Global operations, profound experience in pharmaceutical R&D and state-of-the-art technologies to provide customized solutions;
- Committed to utilizing innovative technologies to meet evolving R&D needs and increase efficiency;
- Dedicated, stable and visionary management teams, experienced talent pools with progressive corporate culture;
- Reputable, loyal and expanding customer base that contributes to our sustainable growth and business collaboration; and
- Insight into industry trends and well positioned to capture growth opportunities arising from industry evolution.

## **Growth Strategies**

The Group aims to solidify its leading position as a global fully-integrated pharmaceutical R&D service platform. In order to achieve this goal, The Group has been executing and will continue to execute the following key strategies:

- Continue to maintain our leading position in pharmaceutical R&D services of small molecule innovative drugs and further expand our development service offerings;
- Accelerate the buildup of biologics and CGT services platform;
- Deepen collaborations with existing customers and broaden customer base;
- Continue to enlarge our talent pool and enhance our operation efficiency to support long-term and sustainable growth.

## **Risk Factors**

The Group's operations and the offering of the Bonds involve certain risks and uncertainties, some of which are beyond the Company's control and may affect your decision to invest in the Bonds and/or the value of your investment. Please refer to the section headed "Risk Factors" in this Offering Circular. You should read this entire section and this Offering Circular before you decide to invest.

The primary risks and uncertainties that may affect the Group's business, results of operations, financial condition and prospects include: (i) risks related to the Group's business and industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the Bonds, the Shares and the Offering. Moreover, the Group may also be subject to other risks and uncertainties that are not foreseen or known to the Group at this time. The occurrence of any of the risk factors disclosed in this Offering Circular may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

## **Recent Development**

In February 2021, Pharmaron Biologics (UK) Holdings Limited and Pharmaron (Hong Kong) International Limited (both are our wholly-owned subsidiaries) entered into a sale and purchase Agreement with AGN Sundry LLC to acquire 100% equity interest of Allergan Biologics Limited ("ABL"), at an estimated cash consideration of US\$120,000,000 (equivalent to RMB776,556,000). ABL (an indirect subsidiary of AbbVie Inc., a company listed on the New York Stock Exchange) is an in-house R&D center of AbbVie Inc. for biologics and other advanced therapeutics. It operates a manufacturing facility in Liverpool, U.K., which is one of the most advanced research and development and clinical manufacturing facilities in the area. The acquisition was completed in April 2021, and we expect the newly acquired facilities will be highly synergistic to Absorption Systems, one of our operating subsidiaries in the U.S., for building an integrated CGT services platform.

In addition, we continued to develop the discovery biologics service capabilities and accelerated the establishment of our biologics CDMO service platform. In early 2020, we started the construction of approximately 70,000 sq.m. of our biologics product development and manufacturing facility at our Ningbo Hangzhou Bay service center II phase I site, and which is expected to start internal installation in June 2021 and become operational for GMP production in the second half of 2022.

The Company proposed to repurchase and cancel 193,024 Restricted A Shares granted under the A Share Incentive Scheme due to the resignation of the three grantees of such Restricted A Shares in accordance with the provisions of the A Share Incentive Scheme, and the reduction of registered capital from RMB794,387,462 to RMB794,194,438 and the decrease of number of issued shares of the Company from 794,387,462 shares to 794,194,438 shares, which were approved by the Company's shareholders at the annual general meeting dated May 28, 2021.

Subject to the required approvals by the Board and the shareholders of the Company, respectively, the Company plans to adopt the Pharmaron 2021 A Restricted Share Incentive Scheme (the “**2021 Share Incentive Scheme**”) and issue up to 774,200 A Shares of the Company under the 2021 Share Incentive Scheme (the “**Restricted A Shares**”), which represents 0.0975% of the Company’s share capital as of the date hereof. It is expected that all Restricted A Shares will be granted to eligible employees of the Company upon the respective approvals by the Board and the shareholders of the Company, and none of the Restricted A Shares will be reserved for future option grants. The Restricted A Shares have a vesting period of four years, with 25% of the awards to be released on the first, second, third and fourth anniversary date of the A Shares registration date with respect to such Restricted A Shares, respectively, and upon relevant annual performance conditions being met.

## THE OFFERING

*The following summary contains basic information about the Bonds and is not intended to be complete. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to the section of this Offering Circular entitled “Terms and Conditions of the Series 1 Bonds” and “Terms and Conditions of the Series 2 Bonds.” Phrases used in this summary and not otherwise defined shall have the meaning given to them in the section entitled “Terms and Conditions of the Series 1 Bonds” and “Terms and Conditions of the Series 2 Bonds.”*

**Issuer** ..... Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司).

**Series 1 Bonds** ..... US\$300,000,000 zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into fully paid ordinary H Shares of the Issuer of par value RMB1.00 each at the initial conversion price of HK\$250.75 per Share.

**Series 2 Bonds** ..... RMB1,916,000,000 U.S. dollar settled zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into fully paid ordinary H Shares of the Issuer of par value RMB1.00 each at the initial conversion price of HK\$229.50 per Share.

The issue of the Bonds was authorized by the Company pursuant to the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on May 28, 2021 and the resolutions of the Board of Directors of the Company passed on June 4, 2021.

**A Share(s)** ..... Domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Issuer, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi (Stock Code: 300759.SZ).

**H Share(s)** ..... Overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Issuer, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code 3759).

**Issue Price** ..... 100 per cent. of the principal amount for the Series 1 Bonds and 100 per cent. of the principal amount of the Series 2 Bonds.

**Form and Denomination of Bonds** ..... The Series 1 Bonds will be issued in registered form in the specified denomination of US\$200,000 each and integral multiples of US\$100,000 in excess thereof and the Series 2 Bonds will be issued in registered form in the specified denomination of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof.

**Interest** ..... The Bonds are zero coupon and do not bear interest.

**Issue Date** ..... Series 1 Bonds: June 18, 2021

Series 2 Bonds: June 18, 2021

**Maturity Date** ..... Series 1 Bonds: June 18, 2026

Series 2 Bonds: June 18, 2026



**Negative Pledge** ..... So long as any Bond remains outstanding, the Issuer will not create or permit to subsist, and the Issuer will procure that no Subsidiary will create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, to secure any Investment Securities or to secure any guarantee of or indemnity in respect of any Investment Securities unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution of the Bondholders. See “*Terms and Conditions of the Series 1 Bonds – Negative Pledge*” and “*Terms and Conditions of the Series 2 Bonds – Negative Pledge*”.

**Status of the Bonds** ..... The Bonds will constitute direct, senior, unconditional, unsubordinated and (subject to Condition 3.1 (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall 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 3.1 (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. See “*Terms and Conditions of the Series 1 Bonds – Status*” and “*Terms and Conditions of the Series 2 Bonds – Status*”.

**Taxation** ..... All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any restriction or condition and will 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, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. If the Issuer is required to make a deduction or withholding in respect of PRC tax in excess of the aggregate rate applicable on June 8, 2021, or any Hong Kong deduction or withholding is required, in such event that the Issuer shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except in circumstances specified in Condition 8 (Taxation) of the Terms and Conditions. See “*Terms and Conditions of the Series 1 Bonds – Taxation*” and “*Terms and Conditions of the Series 2 Bonds – Taxation*”.

**Conversion Right and Period** ..... Subject as provided in the Terms and Conditions, each Bond shall entitle the holder to convert such Bond into H Shares (the “**Conversion Right**”). Subject to and upon compliance with the Terms and Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the Bondholder, at any time on or after 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date, or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption thereof provided that (i) no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 (*Redemption at the Option of the Bondholders*) or Condition 7.5 (*Redemption for Relevant Events*) of the Terms and Conditions or during a Restricted Conversion Period (both dates inclusive) and (ii) the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as hereafter provided in the Terms and Conditions (the “**Conversion Period**”). See “*Terms and Conditions of the Series 1 Bonds – Conversion Right*” and “*Terms and Conditions of the Series 2 Bonds – Conversion Right*”.

**Conversion Price** ..... The price at which H Shares will be issued upon conversion will initially be HK\$250.75 per H Share with respect to the Series 1 Bonds and HK\$229.50 per H Share with respect to the Series 2 Bonds, but will be subject to adjustments for, among other things, consolidation, subdivision or re-classification, capitalization of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price and certain other dilutive events. See “*Terms and Conditions of the Series 1 Bonds – Conversion – Adjustments to Conversion Price*” and “*Terms and Conditions of the Series 2 Bonds – Conversion – Adjustments to Conversion Price*”.

**Redemption at Maturity** ..... Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Series 1 Bond at 100.0 per cent. of its outstanding principal amount on the Maturity Date and each Series 2 Bond at the U.S. Dollar Equivalent of 107.76% of its principal amount on the Maturity Date. See “*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Maturity*” and “*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Maturity*”.

**Redemption for Taxation**

**Reasons.....**

The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable), at, in respect of the Series 1 Bonds, the principal amount, and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount as of the relevant redemption date, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after June 8, 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. If the Issuer exercises its tax redemption right, each Bondholder shall have the right to elect that its Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, any payments due after the relevant date of redemption shall be made subject to any deduction or withholding of any taxation required to be deducted or withheld. See "*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation*" and "*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation*" Reasons".

**Redemption at the Option of the Issuer.....**

On giving not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), the Bonds may be redeemed by the Issuer in whole, but not in part, on the date specified in the Optional Redemption Notice at, in respect of the Series 1 Bonds, the principal amount, and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount, (i) in respect of the Series 1 Bonds only at any time after June 18, 2024 but prior to the Maturity Date, subject to certain conditions as specified in the Terms and Conditions, or (ii) in respect of both Series at any time if, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith). See "*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*" and "*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*".

**Redemption at the Option of the Bondholders .....**

The Issuer will, at the option of the holder of any Bond, redeem all or some only of that holder's Bonds on June 18, 2024 (the "**Put Option Date**") at, in respect of the Series 1 Bonds, 100.0 per cent., and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of 104.59 per cent. of their outstanding principal amount. See "*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders*" and "*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders*".

**Redemption for Relevant Events..**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all but not some only of such holder's Bonds on the Relevant Event Put Date at, in respect of the Series 1 Bonds, their principal amount, and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount as of the Relevant Event Put Date.

A "Relevant Event" occurs when:

- (i) there is a Change of Control (as defined in the Terms and Conditions) in the Issuer;
- (ii) when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange; or
- (iii) the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days.

See "*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*" and "*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*".

**Issuer Lock-up**..... The Issuer has agreed in the Subscription Agreement that neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date hereof and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds, or (ii) any Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Issuer or any of its subsidiaries pursuant to any employee share scheme or plan.

**Cross Default**..... The Bonds may be accelerated in the event of, (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future indebtedness in respect of moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred equals or exceeds US\$25,000,000 or its equivalent in any other currency. See “*Terms and Conditions of the Series 1 Bonds – Events of Default*” and “*Terms and Conditions of the Series 2 Bonds – Events of Default*”.

<b>Further Issues</b> .....	The Issuer 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 issue date, the first payment of interest thereon and the timing for complying with the requirements set out in the Terms and Conditions in relation to the NDRC Post-Issuance Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. See “ <i>Terms and Conditions of the Series 1 Bonds – Further Issues</i> ” and “ <i>Terms and Conditions of the Series 2 Bonds – Further Issues</i> ”.
<b>Clearing Systems</b> .....	The Bonds will be cleared through Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders.
<b>Governing Law</b> .....	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and construed in accordance with English law.
<b>Legal Entity Identifier</b> .....	300300JYXHGV55SNGG54
<b>Listing and Trading of the Bonds</b> .....	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds to Professional Investors only and formal permission is expected to become effective on June 21, 2021.
<b>Listing of Shares</b> .....	The Shares are listed on the Hong Kong Stock Exchange. Application will be made to the Hong Kong Stock Exchange for the listing of the Shares issuable upon conversion of the Bonds (the “ <b>New Shares</b> ”).
<b>Trustee</b> .....	Citicorp International Limited
<b>Principal Agent and Registrar</b> .....	Citibank, N.A., London Branch
<b>Calculation Agent</b> .....	Conv-Ex Advisors Limited
<b>Selling Restrictions</b> .....	There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, the United Kingdom, EEA, the PRC, Hong Kong, Singapore, Japan and the Cayman Islands. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “ <i>Subscription and Sale</i> ”.

<b>Global Certificate</b> .....	For as long as the Bonds are represented by the respective Global Certificates and the respective Global Certificates are deposited with a common depository for Euroclear and Clearstream, payments of principal and premium (if any) in respect of the Bonds represented by the respective Global Certificates will be made without presentation or if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the respective Global Certificates to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to Bondholders for such purpose. The Bonds which are represented by the respective Global Certificates will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.
<b>Use of Proceeds</b> .....	See “ <i>Use of Proceeds</i> ”.
<b>Risk Factors</b> .....	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “ <i>Risk Factors</i> ”.
<b>ISIN</b> .....	Series 1 Bonds: XS2352395748  Series 2 Bonds: XS2353011724
<b>Common Code</b> .....	Series 1 Bonds: 235239574  Series 2 Bonds: 235301172

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The following tables set forth the selected consolidated financial and other operating information of the Company as of and for the periods indicated.

The selected consolidated financial statements of the Company as of and for the years ended December 31, 2018, 2019 and 2020 set forth below have been extracted from the Company's consolidated financial statements as of and for the years ended December 31, 2019 and 2020, which have been audited by Ernst & Young, Certified Public Accountants, the independent auditor of the Company accountant and are incorporated by reference in this Offering Circular.

The audited consolidated financial statements of the Company as of and for the years ended December 31, 2019 and 2020 have been prepared and presented in accordance with the IFRSs.

You should read the selected consolidated financial statements of the Company set forth below in conjunction with the consolidated financial statements of the Company. In evaluating the business of the Group, you should carefully consider the information provided in the section headed "Risk Factors" in this Offering Circular.

### Consolidated Statement of Profit or Loss

	For the year ended December 31,		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
<b>Revenue</b> .....	5,133,597	3,757,160	2,908,123
Cost of sales .....	(3,217,484)	(2,425,459)	(1,960,073)
<b>Gross profit</b> .....	1,916,113	1,331,701	948,050
Other income and gains .....	493,006	70,153	53,759
Other expenses .....	(143,814)	(11,761)	(6,767)
Selling and distribution expenses .....	(92,643)	(72,989)	(54,647)
Administrative expenses .....	(684,705)	(526,408)	(420,456)
Research and development costs .....	(105,345)	(62,872)	(31,611)
Impairment losses on financial and contract assets, net of reversal .....	(14,823)	(5,495)	(8,886)
Finance costs .....	(23,854)	(82,476)	(82,366)
Share of losses of associates .....	(24,565)	(7,303)	(1,132)
<b>Profit before tax</b> .....	1,319,370	632,550	395,944
Income tax expense .....	(172,378)	(101,878)	(60,101)
<b>Profit for the year</b> .....	<u>1,146,992</u>	<u>530,672</u>	<u>335,843</u>
<b>Attributable to:</b>			
Owners of the parent .....	1,172,383	547,190	336,042
Non-controlling interests .....	(25,391)	(16,518)	(199)
	<u>1,146,992</u>	<u>530,672</u>	<u>335,843</u>
<b>Earnings Per Share Attributable to Ordinary Equity</b>			
<b>Holders of the Parent</b>			
Basic			
For profit for the year .....	RMB1.4825	RMB0.8284	RMB0.5689
Diluted			
For profit for the year .....	RMB1.4781	RMB0.8282	RMB0.5689



## Consolidated Statement of Comprehensive Income

	For the year ended December 31,		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
<b>Profit for the year</b> .....	1,146,992	530,672	335,843
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</b>			
Exchange difference on translation of foreign operations..	(40,578)	11,847	(7,376)
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods....</b>	<u>(40,578)</u>	<u>11,847</u>	<u>(7,376)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b> .....	<u>(40,578)</u>	<u>11,847</u>	<u>(7,376)</u>
<b>Total comprehensive income for the year</b> .....	<u>1,106,414</u>	<u>542,519</u>	<u>328,467</u>
<b>Attributable to:</b>			
Owners of the parent .....	1,131,835	558,937	328,094
Non-controlling interests.....	<u>(25,421)</u>	<u>(16,418)</u>	<u>373</u>
	<u>1,106,414</u>	<u>542,519</u>	<u>328,467</u>

## Consolidated Statement of Financial Position

	For the year ended December 31,		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
<b>Non-Current Assets</b>			
Property, plant and equipment.....	3,841,445	2,973,354	2,677,138
Right-of-use assets .....	567,630	498,989	498,921
Investment properties .....	43,889	46,013	44,428
Goodwill.....	1,166,172	203,286	139,917
Other intangible assets .....	189,976	35,352	13,900
Investments in associates.....	280,474	131,246	28,868
Equity investments at fair value through profit or loss .....	121,230	59,054	24,267
Deferred tax assets .....	8,436	6,372	8,446
Other non-current assets .....	149,162	36,921	90,087
Total non-current assets.....	<u>6,368,414</u>	<u>3,990,587</u>	<u>3,525,972</u>
<b>Current Assets</b>			
Inventories.....	128,757	97,050	70,148
Contract costs.....	152,860	60,347	50,313
Trade receivables.....	1,076,614	857,069	603,993
Contract assets.....	133,764	89,105	51,078
Prepayments, other receivables and other assets .....	196,020	197,576	179,451
Financial assets at fair value through profit or loss .....	825,312	169,762	–
Derivative financial instruments .....	84,698	13,689	413
Pledged deposits .....	7,263	17,634	13,476
Cash and cash equivalents.....	2,935,090	4,442,218	307,235
Total current assets.....	<u>5,540,378</u>	<u>5,944,450</u>	<u>1,276,107</u>
<b>Current Liabilities</b>			
Interest-bearing bank and other borrowings .....	386,146	300,654	534,968
Trade payables.....	191,497	117,978	108,220
Other payables and accruals .....	819,313	486,702	403,955
Contract liabilities .....	473,289	271,547	187,156
Lease liabilities .....	83,925	64,150	60,336
Tax payable .....	27,620	28,649	13,413
Total current liabilities .....	<u>1,981,790</u>	<u>1,269,680</u>	<u>1,308,048</u>
<b>Net Current Assets/Liabilities</b> .....	3,558,588	4,674,770	(31,941)
<b>Total Assets Less Current Liabilities</b> .....	9,927,002	8,665,357	3,494,031
<b>Non-Current Liabilities</b>			
Interest-bearing bank and other borrowings .....	394,811	543,791	898,999
Deferred tax liabilities.....	106,906	40,782	22,306
Financial liabilities at fair value through profit or loss.....	146,810	–	–
Deferred income .....	158,128	111,606	100,989
Lease liabilities .....	186,608	131,160	145,166
Total non-current liabilities .....	<u>993,263</u>	<u>827,339</u>	<u>1,167,460</u>
<b>Net Assets</b> .....	8,933,739	7,838,018	2,326,571
<b>Equity</b>			
Share Capital.....	794,387	794,387	590,664
Treasury shares.....	(45,475)	(72,781)	–
Reserves .....	8,121,407	7,045,457	1,722,916
<b>Equity attributable to owners of the parent</b> .....	8,870,319	7,767,063	2,313,580
Non-controlling interests .....	63,420	70,955	12,991
Total equity .....	<u>8,933,739</u>	<u>7,838,018</u>	<u>2,326,571</u>

## NON-IFRS ADJUSTED NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

To supplement our consolidated financial statements which are presented in accordance with the IFRS, the Company use adjusted net profit attributable to owners as an additional financial measure. The Company defines adjusted net profit attributable to owners as profit/(loss) for the year before certain expenses and depreciation and amortization as set out in the table below. Adjusted net profit attributable to owners is not an alternative to: (1) profit before income tax or profit for the year (as determined in accordance with IFRS) as a measure of our operating performance, (2) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (3) any other measures of performance or liquidity.

The Company believes that the adjusted non-IFRS net profit attributable to owners of the Company is useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted non-IFRS financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of the adjusted non-IFRS net profit attributable to owners of the Company is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. The adjusted non-IFRS net profit attributable to owners of the Company does not have a standardized definition prescribed under the IFRS and therefore may not be comparable to similar measures presented by other companies.

Shareholders and potential investors should not view the adjusted non-IFRS net profit attributable to owners of the Company on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

	For the year ended December 31,		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
<b>Profit attributable to owners of the parent</b> .....	1,172,383	547,190	336,042
Add:			
Share-based compensation expenses .....	51,949	9,496	–
Foreign exchange related losses/(gains) .....	111,431	(1,579)	(25,530)
(Gains)/losses on derivative financial instruments related to foreign exchange .....	(119,678)	7,364	1,814
<b>Non-IFRS net profit attributable to owners of the parent</b> .....	1,216,085	562,471	312,326
Add:			
Realized and unrealized (gains)/losses from equity investments.....	(152,056)	(13,338)	886
<b>Non-IFRS adjusted net profit attributable to owners of the parent</b> .....	1,064,029	549,133	313,212

## DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

“A Share(s)” .....	domestic shares of our Company, with a nominal value of RMB1.00 each, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi
“A Share Incentive Scheme” .....	the share incentive scheme adopted by our Company on August 15, 2019
“A Share Offering” .....	the initial public offering and listing of A Shares of our Company on the Shenzhen Stock Exchange in January 2019
“Articles of Association” or “Articles” .....	the articles of association of our Company, as amended
“Board” or “Board of Directors”	the Board of Directors of our Company
“Bondholder” or “Holder” .....	a holder of the Bonds
“Business Day” or “business day” .....	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
“CAGR” .....	compound annual growth rate
“CCASS” .....	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant” .....	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant” ..	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant” .....	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Operational Procedures” .....	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant” .....	A CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CFIUS” .....	Committee on Foreign Investment in the United States
“China” or “PRC” .....	the People’s Republic of China, excluding, for the purpose of this Offering Circular only, Hong Kong, Macau and Taiwan

<b>“CITIC M&amp;A Fund”</b> .....	CITIC M&A Fund Management Co., Ltd (中信併購基金管理有限公 司), a company established in the PRC on September 4, 2012 with limited liability and is wholly-owned by Gold Stone Investment, which is in turn wholly-owned by CITIC Securities Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6030)
<b>“Clearing Systems”</b> .....	Euroclear and Clearstream
<b>“Companies Ordinance”</b> .....	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Companies (Winding up and Miscellaneous Provisions) Ordinance”</b> .....	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Company”, “the Company”, “the Issuer”, or “we”</b> .....	Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公 司), a joint stock limited company incorporated under the laws of the PRC, the predecessor of which, Pharmaron Beijing Ltd. (康龍化 成(北京)新藥技術有限公司) was established under the laws of the PRC as an enterprise legal person in July 2004, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300759) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3759) and if the context requires, includes its predecessor.
<b>“Company Law” or “PRC Company Law”</b> .....	Company Law of the People’s Republic of China (中華人民共和國 公司法) as amended, supplemented or otherwise modified from time to time, which was lately amended on October 26, 2018 to take effective on the same date
<b>“CR Medicon”</b> .....	Nanjing Ximaidi Medical Technology Co., Ltd. (南京希麥迪醫藥科 技有限公司) a company incorporated in PRC on January 20, 2017, which is held as of 100% by Nanjing Sirui Biotechnology Co., Ltd. (南京思睿生物科技有限公司), our subsidiary
<b>“CR Medicon Research”</b> .....	CR Medicon Research, Inc., a company incorporated in the State of Delaware on February 11, 2019, which is held as to 100% by Nanjing Ximaidi, our subsidiary
<b>“CSRC”</b> .....	the China Securities Regulatory Commission (中國證券監督管理委 員會)
<b>“Director(s)”</b> .....	director(s) of our Company
<b>“Dr. LOU”</b> .....	Dr. LOU Boliang (樓柏良), our chairman, chief executive officer and executive Director, and a substantial shareholder upon Listing. Dr. LOU is a brother of Mr. LOU
<b>“EIT Law”</b> .....	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得 稅法), as amended, supplemented or otherwise modified from time to time

“EMA” .....	European Medicines Agency, a European Union body responsible for the protection and promotion of human and animal health by means of evaluating and monitoring medicines within the European Union and the European Economic Area
“EU” .....	European Union
“Exchange Participants” .....	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“FDA” .....	the Food and Drug Administration of the United States
“Founders” or “our Founders” .....	Dr. LOU, Mr. LOU and Ms. ZHENG
“Frost & Sullivan” .....	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
“FVTPL” .....	fair value through profit or loss
“GAAP” .....	Generally Accepted Accounting Principles
“GFA” .....	gross floor area
“Global Offering” .....	the Hong Kong Public Offering and the International Offering
“Gold Stone Investment” .....	Gold Stone Investment Co., Ltd. (金石投資有限公司), a company established in the PRC on October 11, 2007 with limited liability and is wholly-owned by CITIC Securities Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6030)
“Group,” “our Group,” “we” or “us” .....	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)” .....	overseas-listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
“HK\$” or “HK dollars” .....	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK” .....	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules” .....	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

<b>“IFRS”</b> .....	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
<b>“IIT Law”</b> .....	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
<b>“Legend Capital”</b> .....	Legend Capital Co., Ltd. (君聯資本管理股份有限公司) (formerly known as Legend Capital Investment Co., Ltd. (聯想投資有限公司)), a company established in the PRC in November 19, 2003 and is owned as to 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and 20% by Legend Holdings Corporation, a company listed on the Hong Kong Stock Exchange (stock code: 3396). Legend Capital controls and is deemed to be interested in our A Shares held by Tianjin Junlian Wenda Equity Investment Partnership (Limited Partnership) (天津君聯聞達股權投資合夥企業(有限合夥)) and Beijing Junlian Maolin Equity Investment Partnership (Limited Partnership) (北京君聯茂林股權投資合夥企業(有限合夥))
<b>“LinkStart”</b> .....	Beijing LinkStart Biotechnology Co., Ltd. (北京聯斯達醫藥科技發展有限公司), a company incorporated in PRC on July 19, 2012, one of our associates. We own 48% of the equity interests in LinkStart. The other shareholders of LinkStart include Liu Yang (22.4%), Qiu Shuangjun (1.6%), Beijing Deshu Enterprise Management Center (Limited Partnership) (8%), and Yu Yuejiang (20%), each being an Independent Third Party
<b>“M&amp;A”</b> .....	merger and acquisition
<b>“Main Board”</b> .....	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
<b>“Model Code”</b> .....	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“MOF”</b> .....	the Ministry of Finance of the PRC (中華人民共和國財政部)
<b>“MOFCOM”</b> .....	the Ministry of Commerce of the PRC (中華人民共和國商務部)
<b>“Mr. LOU”</b> .....	Lou Xiaoqiang (樓小強), our chief operating officer, president and executive Director, and a substantial shareholder upon Listing. Mr. LOU is a brother of Dr. LOU and the spouse of Ms. ZHENG
<b>“Ms. ZHANG”</b> .....	Jane Jinfang ZHANG, the spouse of Dr. LOU

“Ms. ZHENG” .....	Zheng Bei (鄭北), our executive vice president and executive Director, and a substantial shareholder upon Listing. Ms. ZHENG is the spouse of Mr. LOU
“Nanjing Sirui” .....	Nanjing Sirui Biotechnology Co., Ltd. (南京思睿生物科技有限公司), a company incorporated in PRC on February 7, 2018 and is held as to 55.56% by our Company
“NDRC” .....	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NEEQ” .....	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“NMPA” .....	National Medical Product Administration (國家藥品監督管理局) (formerly known as China Food and Drug Administration)
“NPC” .....	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NYSE” .....	New York Stock Exchange
“OECD” .....	Organization for Economic Co-operation and Development, an intergovernmental economic organization founded to stimulate economic progress and world trade
“PBOC” .....	the central bank of the People’s Republic of China (中國人民銀行)
“Pharmaron ABS” .....	Pharmaron ABS, Inc., formerly known as Xceleron Inc., a company incorporated in the U.S. on October 31, 2001, which is held as to 100% by Pharmaron HK International, our wholly-owned subsidiary
“Pharmaron Biologics HK” .....	Pharmaron Biologics (Hong Kong) Limited, a company incorporated in Hong Kong on June 11, 2018, which is held as to 100% by Pharmaron HK International, our wholly-owned subsidiary
“Pharmaron CPC” .....	Pharmaron CPC, Inc., formerly known as SNBL Clinical Pharmacology Center, Inc., a company incorporated in the U.S. on October 7, 2004, which is held as to 80% by Pharmaron HK International, our wholly-owned subsidiary, and 20% by Shin Nippon Biomedical Laboratories, Ltd.
“Pharmaron CRI” .....	Pharmaron CRI (Ningbo) Co., Ltd. (康龍化成手性醫藥技術(寧波)有限公司), a company incorporated in the PRC on August 18, 2016, which is held as to 100% by Pharmaron Ningbo, our wholly-owned subsidiary
“Pharmaron HK International” ...	Pharmaron (Hong Kong) International Limited, a company incorporated in Hong Kong on December 31, 2015, our wholly-owned subsidiary



<b>“Pharmaron HK Investment”</b> .....	Pharmaron (Hong Kong) Investments Limited, a company incorporated in Hong Kong on February 11, 2016, which is held as to 100% by Pharmaron HK International, our wholly-owned subsidiary
<b>“Pharmaron, Inc.”</b> .....	Pharmaron, Inc., a company incorporated in the U.S. on December 22, 2006, which is held as to 100% by Pharmaron US, Inc., our wholly-owned subsidiary
<b>“Pharmaron Ningbo”</b> .....	Pharmaron Ningbo Co., Ltd. (康龍化成(寧波)新藥技術有限公司), a company incorporated in the PRC on January 9, 2015, our wholly-owned subsidiary
<b>“Pharmaron Ningbo Biologics”</b> ....	Pharmaron (Ningbo) Biologics Co., Ltd. (康龍化成(寧波)藥物開發有限公司), a company incorporated in PRC on August 31, 2018, which is held as to 100% by Pharmaron Biologics HK, our wholly-owned subsidiary
<b>“Pharmaron Shanghai”</b> .....	Pharmaron Shanghai Co., Ltd. (康龍化成(上海)新藥技術有限公司), a company incorporated in the PRC on February 11, 2018, our wholly-owned subsidiary
<b>“Pharmaron Shaoxing”</b> .....	Pharmaron Shaoxing Co., Ltd. (康龍化成(紹興)藥業有限公司), a company incorporated in the PRC on January 3, 2017, our wholly-owned subsidiary
<b>“Pharmaron Tianjin”</b> .....	Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. (康龍化成(天津)藥物製備技術有限公司), a company incorporated in the PRC on July 16, 2008, our wholly-owned subsidiary
<b>“Pharmaron TSP”</b> .....	Pharmaron (Beijing) TSP Services Co., Ltd. (康龍化成(北京)生物技術有限公司), a company incorporated in the PRC on January 11, 2006, our wholly-owned subsidiary
<b>“Pharmaron UK”</b> .....	Pharmaron UK Limited, formerly known as Quotient Bioresearch Group Limited, a company incorporated in the U.K. on October 30, 2013, which is held as to 100% by Pharmaron HK International, our wholly-owned subsidiary
<b>“Pharmaron UK Bioresearch”</b> .....	Quotient Bioresearch (Rushden) Limited, a company incorporated in the U.K. on August 7, 2000, which is held as to 100% by Pharmaron UK
<b>“Pharmaron UK Radiochemicals”</b> .....	Quotient Bioresearch (Radiochemicals) Limited, a company incorporated in the U.K. on April 9, 2009, which is held as to 100% by Pharmaron UK
<b>“Pharmaron US, Inc.”</b> .....	Pharmaron US, Inc., a company incorporated in the U.S. on August 1, 2015 and our wholly-owned subsidiary

“Pharmaron Xi’an” .....	Pharmaron Xi’an Co., Ltd. (康龍化成(西安)新藥技術有限公司), a company incorporated in the PRC on May 11, 2010, our wholly-owned subsidiary
“PRC GAAP” .....	Chinese Accounting Standards
“R&D” .....	research and development
“Regulation S” .....	Regulation S under the U.S. Securities Act
“Restricted A Shares” .....	the restricted A Shares granted by our Company under the A Share Incentive Scheme
“RMB” or “Renminbi” .....	Renminbi, the lawful currency of the PRC
“SAFE” .....	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAT” .....	the State Administration of Taxation of the PRC (中國國家稅務總局)
“Securities Law” .....	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC” .....	the Securities and Futures Commission of Hong Kong
“SFO” .....	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” .....	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)” .....	holder(s) of the Share(s)
“Shenzhen Stock Exchange” .....	Shenzhen Stock Exchange (深圳證券交易所)
“Shenzhen Stock Exchange Listing Rules” .....	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (深圳證券交易所股票上市規則) as amended from time to time
“SOP” .....	standard operating procedure
“sq.m.” .....	square meter
“State Council” .....	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)” .....	member(s) of our Supervisory Committee
“U.K.” .....	United Kingdom

“U.S.” or “United States” .....	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act” .....	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”, “USD” or “U.S. dollars” ....	United States dollars, the lawful currency of the United States

*In this Offering Circular, the terms “associate,” “subsidiaries” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.*

*Certain amounts and percentage figures included in this Offering Circular have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.*

*For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this Offering Circular in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.*

## GLOSSARY OF TECHNICAL TERMS

“ <sup>14</sup> C” .....	Carbon-14 ( <sup>14</sup> C), or radiocarbon, a radioactive isotope of carbon with an atomic nucleus containing 6 protons and 8 neutrons
“ <sup>3</sup> H” .....	tritium or Hydrogen-3, a radioactive isotope of hydrogen, whose nucleus contains one proton and two neutrons
“μCi” .....	microCuries, radioactivity unit
“AAALAC” .....	AAALAC International, a private nonprofit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs
“absorption” .....	within the context of drug metabolism, the process by which drug compounds and other molecules move across cells and tissues such as the gastrointestinal tract into the circulatory system
“ADC” .....	antibody-drug conjugates, a class of biopharmaceutical drugs designed as a targeted therapy
“ADME” .....	absorption, distribution, metabolism and excretion, the analysis of the body’s processes of altering, utilizing and eliminating ingested and administered drugs and xenobiotics, either in an in vitro or in vivo setting
“AME” .....	clinical absorption, metabolism and excretion, the complete drug disposition process
“AMS” .....	accelerator mass spectrometry, a form of mass spectrometry that accelerates ions to extraordinarily high kinetic energies before mass analysis
“antibody” or “Ab” .....	also known as an immunoglobulin, a large, Y-shaped protein produced mainly by plasma cells that is used by the immune system to identify and neutralize pathogens such as bacteria and viruses
“API” .....	active pharmaceutical ingredient, the component of a drug product that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body
“Assay” .....	an investigative analytical process in medicine, pharmacology or biology that aims to identify either the qualitative or quantitative presence or function of the analytical target, which can be a drug or biochemical substance or a cell in an organism or organic sample
“bioanalysis” .....	a sub-discipline of analytical science covering the quantitative measurement of xenobiotics (drugs, their metabolites, and biological molecules in unnatural locations or concentrations) and biotics (macromolecules, proteins, DNA, biologics, metabolites) in biological systems

<b>“biohazardous”</b> .....	of or relating to the health risk posed by the possible release of a pathogen into the environment
<b>“biologics”</b> .....	a subset of pharmaceuticals that include antibodies, proteins, nucleic acids and ADCs
<b>“CADD”</b> .....	computer-aided drug design, the use of computers (or workstations) to aid in the creation, modification, analysis, or optimization of novel compounds or biologics
<b>“candidate selection”</b> .....	a stage in early drug discovery where a compound that indicates highest potential for desirable effects is selected for further intensive study and analysis
<b>“CDISC”</b> .....	the Clinical Data Interchange Standards Consortium, a standards developing organization dealing with medical research data to develop and advance data standards to transform incompatible formats, inconsistent methodologies, and diverse perspectives into a framework for generating high quality clinical research data
<b>“CDMO”</b> .....	contract development and manufacturing organization, a CMO that, in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services
<b>“cGMP”</b> or <b>“GMP”</b> .....	current Good Manufacturing Practice, regulations enforced by the FDA or other regulatory authorities on pharmaceutical and biotechnology firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
<b>“chemoproteomics”</b> .....	chemoproteomics is an approach to discovering mechanisms for regulating biological pathways for the purpose of identifying novel biological targets and discovering new pharmaceutical therapies. It is a chemical proteomic method for pharmacological discovery research
<b>“clinical pathology”</b> .....	the branch of pathology dealing with the study of disease and disease processes by means of chemical, microscopic, and serologic examinations
<b>“clinical trial”</b> .....	an experiment done in clinical research
<b>“CMC”</b> or <b>“chemistry, manufacturing and controls”</b> ....	an important and detailed section in a dossier to support clinical studies and marketing applications
<b>“CMO”</b> .....	contract manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive drug manufacturing services
<b>“commercialization”</b> .....	the stage in drug development when a new drug is approved and publicly marketed

<b>“CRO”</b> .....	contract research organization, a company focused on providing pharmaceutical research and development services to pharmaceutical companies
<b>“DART”</b> .....	developmental and reproductive toxicology, the study of fertility, development toxicity and pre/postnatal development and other specialized functional evaluations in connection with the toxicology evaluation for pharmaceuticals
<b>“distribution”</b> .....	in the context of DMPK, the process by which molecules are transported throughout the body
<b>“DMPK”</b> .....	drug metabolism and pharmacokinetics, the studies designed to determine the absorption, metabolism, excretion and the kinetic study of a drug or potential drug either in an in vitro or in vivo setting
<b>“DNA”</b> .....	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
<b>“drug discovery”</b> .....	the process through which potential new medicines are identified and may involve a wide range of scientific disciplines, including biology, chemistry and pharmacology
<b>“ex vivo”</b> .....	Latin for “out of the living”; refers to experimentation or measurements done in or on tissue from an organism in an external environment with minimal alteration of natural conditions
<b>“FFS”</b> .....	fee-for-service, a payment model where services are unbundled and paid for separately
<b>“first-in-human (FIH) studies”</b> .....	phase I clinical studies which include evaluation of pharmacokinetics, safety and tolerability of an investigational drug in human
<b>“formulation development”</b> .....	a stage of analyzing and refining the physio-chemical structure of a product to stabilize or enhance its suitability for use in in vivo testing. Formulation development may also include assessing delivery options and delivery device compatibility
<b>“FTE”</b> .....	full-time-equivalent, a payment model based on the number of researchers allocated to, and the duration of, a given project
<b>“fusion protein”</b> .....	proteins created through the joining of two or more genes that originally coded for separate proteins
<b>“GCP”</b> .....	Good Clinical Practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans

“GLP” .....	Good Laboratory Practice, a quality system of management controls for research laboratories and organizations to try to ensure the uniformity, consistency, reliability, reproducibility, quality and integrity of chemical and pharmaceuticals non- clinical safety tests
“GPCRs” .....	G-protein-coupled receptors, the largest and most diverse group of membrane receptors in eukaryotes. These cell surface receptors act like an inbox for messages in the form of light energy, peptides, lipids, sugars, and proteins
“hit identification” or “HI” .....	the first committed step for a successful drug discovery project. In this process, the right small molecules, also called hits, binding to the target and modifying its function are identified
“hit-to-lead” .....	a stage in early drug discovery where small molecule hits from a high throughput screen are evaluated and undergo limited optimization to identify promising lead compounds
“HPLC” .....	high-performance liquid chromatography, a technique in analytical chemistry used to separate, identify, and quantify each component in a mixture
“HTS” .....	high-throughput screening, a method for scientific experimentation especially used in drug discovery and relevant to the fields of biology and chemistry
“ICH” .....	International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, a project that brings together the regulatory authorities of Europe, Japan, China, the U.S. and other countries and experts from the pharmaceutical industry in these regions for the purpose of reducing or eliminating the need to duplicate the testing carried out during the research and development of new medicines by recommending ways to achieve greater harmonization in the interpretation and application of technical guidelines and requirements for product registration
“ICP-MS” .....	inductively coupled plasma mass spectrometry, a type of mass spectrometry which is capable of detecting metals and several non-metals at low concentrations on non-interfered low-background isotopes
“ICP-OES” .....	inductively coupled plasma optical emission spectrometry, an analytical technique used for the detection of chemical elements
“investigational new drug” or “IND applications” .....	an experimental drug for which a pharmaceutical company obtains permission to conduct clinical trials before a marketing application for the drug has been approved
“ <i>in vitro</i> ” .....	Latin for “in glass”; studies <i>in vitro</i> are conducted using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules

<b>“in vivo”</b> .....	Latin for “within the living”; studies in vivo are those in which the effects of various biological entities are tested on whole, living organisms as opposed to a partial or dead organism, or those done in vitro
<b>“LCMS”</b> .....	liquid chromatography-mass spectrometry, an analytical chemistry technique that combines the physical separation capabilities of liquid chromatography with the mass analysis capabilities of mass spectrometry
<b>“lead generation”</b> or <b>“LG”</b> .....	lead generation is a stage in early drug discovery where small molecule hits from a high throughput screen (hits) are evaluated and undergo limited optimization to identify promising lead compounds
<b>“lead optimization”</b> .....	the stage of early drug discovery where promising lead compounds are further optimized in preparation for toxicity assessment prior to human clinical trials
<b>“MAH”</b> .....	Market Authorized Holder, a certification granted by the NMPA, which allows certain license holders to use a qualified CMO to manufacture pharmaceutical products
<b>“metabolism”</b> .....	the chemical processes that occur within a living organism in order to maintain life, comprising catabolism (breakdown of larger molecules into components) and anabolism (the synthesis of smaller molecules into larger ones with specific structures, characteristics and purposes)
<b>“metabolites”</b> .....	a metabolite of a drug is a compound formed from the drug’s original components through metabolism
<b>“method validation”</b> .....	an assessment of a procedure to ensure it meets its own analytical objectives and produces results with sufficient accuracy, precision and productibility
<b>“molecule”</b> .....	a group of two or more atoms held together by chemical bonds
<b>“NDA”</b> .....	new drug application, the formal application to competent authorities such as the FDA or the NMPA proposing approval of a new pharmaceutical product for sale and marketing
<b>“oncology”</b> .....	the study and treatment of tumors
<b>“peptide”</b> .....	small fragments of proteins, composed of amino acids
<b>“pharmacodynamics”</b> or <b>“PD”</b> .....	the study of the biochemical and physiologic effects of drugs (especially pharmaceutical drugs)
<b>“pharmacokinetics”</b> or <b>“PK”</b> .....	the branch of DMPK concerned with the kinetic study of absorption, distribution and excretion of drugs or potential drugs either in an <i>in vitro</i> or <i>in vivo</i> setting



<b>“pharmacology”</b> .....	the branch of medicine concerned with the uses, effects, and modes of action of drugs
<b>“POC”</b> .....	proof of concept, a realization of a certain method or idea in order to demonstrate its feasibility, or a demonstration in principle with the aim of verifying that some concept or theory has practical potential. In a medical setting, POC means a realization of adequate medical efficacy and safety have been demonstrated in patients by interfering with intended biological targets with medicines
<b>“preclinical”</b> .....	of or relating to a stage preceding a clinical stage
<b>“radioisotope based compound synthesis-clinical-analysis techniques”</b> .....	a platform that combines the synthesis of a radioactive compound, its test in human and analysis of the parent drug/metabolites in human fluids and excretes
<b>“recombinant”</b> .....	of or relating to the combination of genetic materials from more than one origin
<b>“release testing”</b> .....	an assessment of the measure of release of the active pharmaceutical ingredient (API) from the drug product matrix in controlled conditions
<b>“siRNA”</b> .....	small interfering RNA (siRNA), sometimes known as short interfering RNA or silencing RNA, which is a class of double-stranded RNA molecules, 20-25 base pairs in length, and operating within the RNA interference (RNAi) pathway
<b>“small molecule”</b> .....	within the fields of molecular biology and pharmacology, a low molecular weight organic compound that may regulate a biological process, with a size in the order of 1 nanometer
<b>“SMO”</b> .....	site management organization, an organization that provides clinical trial related services to a CRO, a pharmaceutical company, a biotech company, a medical device company or a clinical site
<b>“synthesis”</b> .....	the production of chemical compounds by reaction from simpler materials
<b>“validation”</b> .....	a process that involves performing laboratory tests to verify that a particular instrument program, or measurement technique is working properly and is capable of being relied upon

## RISK FACTORS

*Prospective investors of the Bonds should carefully consider the risk factors set forth below, as well as the other information contained elsewhere in this Offering Circular. The risks described below are not the only ones that may affect the Issuer, the Group or the Bonds. Additional risks and uncertainties which the Issuer is not aware of or that the Issuer currently believes are immaterial may also adversely affect the Group's financial condition or results of operations. If any of the possible events described below occur, the Group's financial condition or results of operations could be materially and adversely affected. In such case, the Issuer may not be able to satisfy their respective obligations under the Bonds, and investors could lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors.*

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

***Our business largely depends on our customers' demand for pharmaceutical R&D services and their budget for R&D expenditure. Any reduction in demand from our customers could have a material adverse effect on our business, financial condition, results of operations and prospects.***

We are a leading fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for our customers. The success of our business largely depends on the number and size of service agreements that we obtain from our customers, including pharmaceutical and biotechnology companies, pursuant to which these customers outsource their R&D projects to us. Over the past several years, we have benefitted from an increased demand for our services primarily as a result of the continued growth of the pharmaceutical and biotechnology industry and increasing R&D expenditures of our customers.

Although the global pharmaceutical and biotechnology industries are expected to continue to grow driven by such factors as an aging population, higher disposable income and increased spending on healthcare, there can be no assurance that these industries will continue to grow at rates we expect or at all. Any slowing or reversal of such trends may cause our customers to suspend their pharmaceutical R&D projects or to reduce their R&D budget, thereby diminishing the growth in our business and materially and adversely affect our business, financial condition, results of operations and prospects.

With the growth in the global pharmaceutical and biotechnology industries, there has been a corresponding increase in the demand for expertise in the drug discovery, development and manufacturing process in recent years. At present, pharmaceutical and biotechnology companies seek to collaborate with CROs and CMOs with scientific expertise and favorable pricing terms, making CROs and CMOs valuable partners for them. However, we cannot assure you that such trend to pursue external R&D support will continue in the future. Our customers' demand for pharmaceutical R&D services is subject to a variety of factors, including their decisions to acquire or develop in-house research, development and manufacturing capacity, their new product development plans, the availability of internal and external funding, spending priorities and internal budgetary policies, negative trend in general economic condition or global pharmaceutical and biotechnology market as well as their perception of future market trends. If our customers reduce their spending on our services as a result of any of the above or other factors, we may not be able to locate sufficient number of customers for the continuous growth of our business, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

***Our success depends on our ability to attract, train, retain and motivate highly skilled scientists and other technical personnel.***

Along with our continued expansion, we have established a highly experienced talent pool with strong execution capabilities. Highly skilled and talented scientists help us keep pace with the latest developments in research, development and manufacturing technologies and methodologies in the pharmaceutical and biotechnology industries, and are therefore critical to our success. Our business operations also rely on

personnel possessing highly technical skills for our quality control, compliance, environmental protection, safety and health, information technology and marketing. In order to develop and retain our talents, we provide continuous training programs to our employees through “Pharmaron College”, offer visiting scholar programs at renowned laboratories and institutions, and hold various symposiums, forums and lectureship. We also offer employee share incentive programs to our key employees and thus provide them with an opportunity to share the growth of our business.

We intend to continue to attract and retain highly skilled scientists and other technical personnel. However, as there is a limited supply of qualified scientists and R&D personnel with requisite experience and expertise, and such qualified personnel are also highly-sought after by pharmaceutical companies, biotech start-ups and scientific research institutes, we have to provide competitive compensation and benefits packages to attract and retain talents. We cannot assure you that we will always be able to hire and retain the requisite number of qualified personnel to keep pace with our anticipated growth while maintaining consistent quality of our services. In addition, we may not always be successful in training our professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected. Any failure to attract, train or retain highly excellent scientific and technological personnel may materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

***The continuing and collaborative efforts of our senior management and key scientific personnel are crucial to our success, and our business could be severely disrupted if we lose their services.***

The continued service of our senior management and key scientific personnel is critical to the success of our business. In particular, we are dependent on our senior management team led by Dr. LOU, our chairman and chief executive officer, for their management, supervision and planning of our business. Our senior management team has been with us for more than 10 years and their technical and industry expertise have significantly contributed to the growth of our institutional knowledge base. The loss of service with respect to any of our senior management or key scientific personnel may have a material adverse effect on our business and operations. If we lose the services of any senior management member or key scientific personnel, we may be unable to identify and retain a suitable qualified replacement and may incur additional expenses and time to recruit and train new personnel, which could severely disrupt our business operations. Although each of our senior management member and key scientific personnel has signed a non-compete agreement with us, we may not be able to enforce these provisions should any of them leaves us to join a competitor or to start his/her own business which competes with us, and our business operations and prospects could be materially and adversely affected.

***If we fail to protect the intellectual property rights or confidential information of our customers, we will be subject to legal liabilities and our reputation may be damaged.***

Protection of intellectual property rights and confidential information associated with pharmaceutical and biotechnology pharmaceutical R&D services is critical to all of our customers. Our customers generally retain ownership of the intellectual property rights that they provide to us and those arising from the services we provide. The service agreements and confidentiality agreements signed between us and our customers typically require us to exercise all reasonable precautions to protect the integrity and confidentiality of our customers’ information. Our success therefore depends in substantial part on our ability to protect the intellectual property rights and confidential information of our customers. Notwithstanding our efforts to protect our customers’ intellectual property rights and confidential information, unauthorized parties may still attempt to obtain and use such information that we regard as confidential. Any unauthorized disclosure of our customers’ proprietary rights or confidential information could subject us to liability for breach of contract and result in significant damage to our reputation, which could materially harm our business, financial condition, results of operations and prospects, and any remediation efforts may significantly divert our management’s attention and resources from other activities.

***Any failure to comply with existing laws, regulations and industry standards or any adverse actions by the competent authorities against us could adversely affect our reputation and our business, financial condition, results of operations and prospects.***

There are strict laws, regulations and industry standards in many countries or regions to which drugs are intended to be ultimately sold (such as China, the U.S., the U.K. and several EU countries) to regulate drug development and manufacturing. The pharmaceutical regulatory authorities of these countries (e.g., the FDA or the NMPA) also conduct planned or unplanned facility inspections over drug development and manufacturing agencies (e.g., our customers and us) to ensure that relevant facilities meet regulatory requirements. For example, we may need to obtain clearance from the FDA or the NMPA or other regulatory authorities in the event that our customers' preclinical trials are filed as part of an IND filing to seek authorization to begin clinical trials, or their clinical trials are filed as part of a NDA or other filings to seek marketing approval. Although we have passed the inspections in relation to drug discovery, development and manufacturing conducted by the relevant regulatory authorities in all material respects during the three years ended December 31, 2020, we cannot assure you that we will be able to pass all such inspections in the future. Any failure to comply with existing regulations and industry standards could result in fines, revocation of accreditation or other punitive actions against us or our customers, the termination of ongoing projects by our customers and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. For example, if we fail to treat research animals in accordance with international standards set out by the Association for Assessment and Accreditation of Laboratory Animal Care, that organization could revoke accreditation and the accuracy of our animal research data could be questioned. In addition, even if we are able to successfully defend against any action for violation of the relevant regulations or industry standards, such actions could result in diversion of our management's attention from the operation of our business, significant legal expenses and adversely affect our reputation and financial results.

***Our failure to obtain or renew certain approvals, licenses, permits or certificates required for our business may materially and adversely affect our business.***

We are subject to certain laws and regulations that require us to obtain and maintain various approvals, licenses, permits and certificates from different authorities to operate our business. We will face sanctions or other enforcement actions if we fail to obtain approvals, licenses, permits or certificates as might be necessary for our operations. We could be ordered by the relevant regulatory authorities to cease operation, or may be required to undertake corrective measures requiring capital expenditure or other remedial actions, which could materially and adversely affect our business, financial condition and results of operations.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Although we are committed to applying for the renewal and/or reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, we cannot assure you that we can successfully obtain such renewals and/or reassessment. Any failure by us to obtain the necessary renewals and/or reassessment and otherwise maintain all approvals, licenses, permits and certificates necessary to carry out our business at any time could cause severe disruption to our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations.

We may also be required to obtain additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses as a result of new regulations coming into effect, change to interpretation or implementation of existing laws and regulations. We cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

***We are subject to environmental protection and health and safety laws and regulations, and may be exposed to potential costs for compliance and liabilities, including consequences of accidental contamination, biological or chemical hazards, or personal injury.***

Our operations are subject to national and local laws with respect to environmental protection, health and safety, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. In addition, our construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant facilities in certain jurisdictions. For the years ended December 31, 2018, 2019 and 2020, our total cost of compliance with environmental protection and health and safety laws and regulations was RMB26.9 million, RMB57.3 million and RMB115.3 million, respectively. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with environmental protection and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any failure by us to control the use or discharge of hazardous substances could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of discovery, testing, development and manufacturing of pharmaceuticals. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. We may also be forced to close or suspend operations at certain of our affected facilities temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

***We face foreign exchange risk, and fluctuations in exchange rates could have a material adverse effect on our financial condition and results of operations.***

Our foreign currency exposure is mainly respect to U.S. dollars, pound sterling and the euro. During the three years ended December 31, 2020, a substantial portion of our revenue was generated from sales denominated in U.S. dollars. However, a significant portion of cost of services and operating costs and expenses are denominated in Renminbi. As a result, our margins will be under pressure when the Renminbi appreciates against the U.S. dollar, and we may not be able to price our service contracts, in particular those with our U.S. customers, in currencies other than the U.S. dollars. In addition, fluctuations in exchange rates have in the past affected, and could in the future continue to, materially and adversely affect our financial condition and results of operations as we hold certain assets denominated in foreign currencies. For example, we recorded net foreign exchange gains of RMB30.1 million and RMB1.9 million for the years ended December 31, 2018 and 2019, respectively, and a net foreign exchange loss of RMB131.2 million in 2020.

Fluctuations in exchange rates between the Renminbi and the U.S. dollar and other currencies may be affected by, among other things, changes in China's political and economic conditions, trade tensions between the U.S. and China, as well as international economic and political developments. Due to international pressures on the PRC to allow more flexible exchange rates for the Renminbi and the economic situation and financial market developments in the PRC and abroad, the PRC government has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. We have used, and may continue to use derivative contracts or hedge against our exposure to currency risks from time to time. However, the availability and effectiveness of such hedges may be limited, and we may not be able to successfully hedge our exposure to currency risks.

***We face increasing competition and may not be able to compete effectively, which may result in downward pricing pressure or reduced demand for our services.***

The global pharmaceutical R&D service market for pharmaceutical products is highly competitive, and we expect the level of competition will continue to increase. We face competition in several different areas, including quality of services, breadth of our integrated services, our capacity and ability to deliver in a timely manner, our ability to protect intellectual property or other confidential information of our customers, maintenance of our qualifications and accreditations, depth of customer relationships and prices.

We expect continuous competition from both domestic and international competitors as we continue to invest in more sophisticated capabilities and capacity in laboratory, clinical development and CMC (small molecule CDMO) services. We also expect increasing competition as additional competitors enter our market and as more advanced technologies become available. We compete with other pharmaceutical R&D service providers typically in specific service areas. We also compete with the in-house discovery, testing, development and commercial manufacturing functions of pharmaceutical and biotechnology companies. Some of our competitors may have more financial resources, better research and technical capabilities, greater pricing flexibility, stronger sales and marketing efforts, longer track record and better brand recognition. In addition, our competitors may improve the performance of their services, introduce new services with lower prices and improved performance, or adapt more quickly to new technologies and changes in customer demand and requirements. Furthermore, increased competition could create additional pricing pressure on our services, which could reduce our revenue and profitability. There is no assurance that we will be able to compete effectively with existing competitors or new competitors or that increased level of competition will not adversely affect our business, results of operations, financial condition and prospects.

***We may not be able to execute our growth strategies or manage our growth effectively.***

We plan to maintain our leading position in pharmaceutical R&D services and further expand our development service offerings, continue to develop and acquire innovative pharmaceutical R&D service technologies, further capitalize the evolving and fast-growing Chinese market, deepen collaborations with existing customers and broaden customer base, build capabilities for biologics, and continue to attract, train and retain talents to support our long-term and sustainable growth. Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing our growth strategies will require, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive global pharmaceutical R&D service market, effectively coordinate and integrate our facilities and teams across different sites, hire, train and retain qualified personnel, implement effective cost control and quality control, maintain sufficient liquidity, and effective and efficient financial and management control, carry out increased marketing and customer support activities, and manage our suppliers to leverage our purchasing power. If we fail to successfully execute our growth strategies, we may not be able to maintain our growth rate and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The success of our business expansion also depends on our customers' success in advancing drug candidates through development, regulatory approval and commercial manufacturing. Any delay in regulatory approvals, lower than anticipated treatment effectiveness, unexpected side effect, low success rate or lack of patient demand may have a material impact on our business. If our growth strategy or business expansion is not successful or sufficient or does not earn a satisfactory return on investment, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***Our business may be materially and adversely affected by the increasing trade tensions between the U.S. and China.***

As trade tensions increase between the U.S. and China in recent years, concerns exist among PRC enterprises transacting with U.S. companies that a possible trade war between the two countries could leave them caught in the crossfire. A breakdown in trade relations between the U.S. and China could also delay the global economic recovery in recent years, threatening the ongoing economic expansion and the increasing cross-border transactions trend. Furthermore, concerns arise in the U.S. that certain Chinese companies may, by leveraging their business relationship with U.S. companies, acquire technologies and data that enhance such Chinese companies' capabilities through a variety of channels. As a result, we cannot assure you that U.S. government will not adopt relevant policies or practices to mitigate against their "economic and security risks" posed by certain Chinese companies engaged in "sensitive" industries. Given that a substantial portion of our customers are U.S. pharmaceutical and biotechnology companies, the demands of our services are significantly influenced by U.S. government's attitude towards Chinese service providers in such industries. We cannot assure you that we will not be negatively influenced by the increasing trade tensions between the U.S. and China as well as by adverse changes in U.S. laws and regulations towards diplomatic relations. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***We may not be successful in developing, enhancing, adapting to or acquiring new technologies.***

We operate in a market that evolves constant developments and we must keep pace with new technologies and methodologies to maintain our competitive position. It is critical for us to continue investing significant amounts of human and capital resources to develop or acquire new technologies in order to enhance the scope and quality of our services. We may also decide to continue expanding our business by entering into new markets and new geographic areas, and therefore may need to develop or adapt to new technologies and methodologies. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies in a timely manner or at all. Any failure to do so could stagnate or even significantly reduce demand for our services and harm our business and prospects.

Furthermore, developing and marketing our new technologies and methodologies successfully requires us to accurately assess and meet customers' needs, make significant capital expenditures, optimize our drug discovery, development and manufacturing process to predict and control costs, hire, train and retain qualified personnel, obtain required regulatory clearances or approvals, increase customer awareness and acceptance of our services, provide high-quality services in a timely manner, price our services competitively, integrate innovations into our existing system and effectively incorporate customer feedback into our business planning. If there is insufficient demand for our new technologies or methodologies, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, alternatives to our services might be introduced to our current and potential customers through technology innovations. This could reduce or even eliminate the demand for our services at all. Our failure to develop, introduce or enhance our services' ability to compete with new technologies in a cost-effective and timely manner could have a material adverse effect on our business, financial condition, results of operations and prospects.

***If our service quality does not meet our customers' evolving needs, or if we fail to meet our customers' audit and inspections, our customers may not continue to purchase our services.***

We believe service quality and customer satisfaction are among the most important factors for our business growth today. In order to deliver quality services, it is critical to understand and take actions to fulfill the customer's expectation and adapt to the customers' evolving needs. We believe our strong execution capabilities and quality services are widely recognized by our customers. However, we cannot assure you that we will always be able to deliver quality services that meet our customers' evolving needs. If our customers determine that their expenditures on our services do not generate expected results, they may allocate a portion or all of their budgets to our competitors, and reduce or terminate their business with us. Therefore, we cannot assure you that customers that have utilized our services in the past will continue to

spend at similar levels, or that they will continue to use our services at all in the future. We may not be able to replace customers which decrease or cease their purchase of our services with new customers that spend at similar levels or more on our services. As a result, we may suffer from a loss of customers and our ability to maintain and/or grow our revenues will be materially and adversely affected.

Furthermore, our customers are entitled to, during normal business hours, review our standard operating procedures and records pertaining to our services and inspect the facilities used to render our services to such customers. We cannot assure you that we will be able to pass all such customer audits and inspections. Failure to pass any of such audits or inspections to our customers' satisfaction could significantly harm our reputation and result in the termination of ongoing drug discovery and development projects by our customers, which could materially and adversely affect our business, financial condition, results of operations and prospects.

***Our customer agreements may contain provisions that run counter to our interests or expose us to potential liability.***

Our service agreements generally provide that a customer can terminate the agreement or any work order under the agreement without cause by giving prior written notice. Most of our project-based service contracts also allow customers to unilaterally terminate the contract without cause by giving prior written notice. If a customer terminates a work order or project-based service contract without cause, typically we are only entitled to receive service fees earned up to the date of termination, costs already incurred or irrevocably committed and in some cases a limited amount of penalty. Therefore, cancelation or modification of a large work order or project-based service contract, or proximate cancelation or modification of multiple smaller work orders or project-based service contract, could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, some of our service agreements and project-based service contracts contain exclusivity clause which prohibits us from working for other parties on certain projects. Such restriction typically remains effective for a number of years after the relevant service agreement or project-based service contract is completed, and in some cases is effective for an indefinite period. For some customers, the exclusivity clause covers a broad range of products. Complying with such exclusivity clause restricts our ability to obtain new projects and adversely affects the extent to which other customers or potential customers use our services, a failure to do so could significantly harm our business and reputation, as well as expose us to liability for breach of contract.

***We are subject to risks inherent in international operations.***

We operate a multinational business, primarily in China, the U.S. and the U.K. We intend to continue to expand our presence globally. Our success in providing services internationally and competing in international markets is subject to our ability to manage various risks and difficulties, including, but not limited to:

- our ability to effectively manage our employees at remote locations or in different business environments from China, the U.S. and the U.K.;
- our ability to develop and maintain relationships with customers, suppliers across the countries and regions we operate in;
- compliance with product safety requirements and standards that are different from those of China, the U.S. or the U.K.;
- variations and changes in laws applicable to our operations in different jurisdictions;
- trade restrictions, political changes, disruptions in financial markets, and deterioration of economic conditions;



- customs regulations and the import and export of goods and raw materials;
- the ability to provide sufficient levels of technical support in different locations;
- our ability to effectively communicate internally and with our customers across different cultures;
- our ability to obtain and renew licenses that may be needed in international locations to support operations; and
- changes in tariffs, taxes, and foreign currency exchange rates.

Our profitability and ability to implement our business strategies, maintain market share and compete successfully in international markets may be compromised if we are unable to manage these and other international risks successfully.

***We have undertaken a series of offshore acquisitions, and may undertake further acquisitions in the future. These acquisitions may not be successful, may negatively impact our financial condition, and we may fail to integrate such acquisitions successfully, or may be adversely affected by regulatory or governmental scrutiny of the target countries.***

In order to expand our operations and global presence, we have undertaken a series of offshore acquisitions in the past. Between 2018 and 2021, we acquired certain of our subsidiaries in the U.S. and the U.K. to acquire cutting-edge technologies and to expand our capabilities and service offerings through these world-class development facilities. For example, we acquired Absorption Systems in November 2020 and launched U.S. laboratory services through such acquisition. U.S. laboratory services mainly includes DMPK/ADME and bioanalysis for both small and large molecules, particularly in transporters, human PK prediction and translational pharmaceuticals. In addition, we acquired Allergan Biologics Limited in April 2021 and we expect the newly acquired facilities will be highly synergistic to Absorption Systems for building our integrated CGT services platform. We are devoting significant resources to integrating our operations following such acquisitions in order to achieve the anticipated synergies and benefits. We may also undertake additional offshore and/or onshore acquisitions to further develop our business. As of the date of this Offering Circular, we had not yet identified any specific acquisition target.

The integration of our acquired subsidiaries or any future acquisitions may expose us to certain risks, such as the incurrence of anticipated and unforeseen costs, expenses and liabilities (including latent or potential liabilities that relate to the time prior to our acquisitions), difficulties in integrating the acquired business in a timely and cost-effective manner or maintaining standard control policies and procedures across our businesses, difficulties in establishing effective management information and financial control systems, and unforeseen legal, regulatory, contractual or other issues. Furthermore, our potential acquisitions in the future may be adversely affected by regulatory or governmental scrutiny of the target countries. If we fail to successfully integrate recent and potential future acquisitions, or if we encounter any difficulties due to tightened regulatory or governmental scrutiny from targeted countries, there may be an adverse effect on our business, financial condition and results of operations.

***Changes to U.S. foreign investment and export control laws and regulations may restrict our ability to undertake acquisitions, or acquire technologies and assets in the United States that are material to our commercial success.***

Foreign investments in U.S. companies and exports of technology and technical data from the U.S. (including disclosures of technology and technical data to foreign persons in the United States) are potentially subject to restrictions under U.S. laws and regulations. The United States enacted the Foreign Investment Risk Review Modernization Act of 2018 (“**FIRRMA**”) and the Export Control Reform Act of 2018 (“**ECRA**”), which together made significant changes to this legal framework. In general, FIRRMA broadened the authorities of the President of the U.S. and the Committee on Foreign Investment in the United States (“**CFIUS**”) to determine whether foreign investments present a threat to U.S. national

security, and to impose restrictions on or to block such investments. FIRRMA and ECRA also established new authorities to identify “emerging” or “foundational” technologies that should be subject to greater foreign investment and export controls. The U.S. administration is currently engaged in rulemakings to implement the requirements of these statutes.

As an initial step, effective in November 2018, CFIUS instituted a pilot program (“**Pilot Program**”) applicable to certain foreign investments in U.S. businesses that (i) are involved in “critical technologies” and (ii) are classified within one of 27 industry sectors defined by North American Industry Classification System code numbers (“**Pilot Program U.S. Businesses**”). In addition, in December 2018, the U.S. Department of Commerce initiated a rulemaking process, required by ECRA, to identify “emerging” and “foundational” technologies, and to impose appropriate export controls on items so identified. The Pilot Program rules also deem such technologies to be “critical technologies.” The U.S. agencies are continuing the rulemaking processes to implement FIRRMA and ECRA.

Businesses of our U.S. customers, or our recent or potential acquisition and investment targets may have “critical technology,” and they may fall within NAICS 541714 (“**Research and Development in Biotechnology (except Nanobiotechnology)**”) or one of the other Pilot Program specified sectors. Our ability to make future strategic investments in, or undertake any future acquisitions of, biotechnology companies in the United States may be adversely impacted if such a company is a Pilot Program U.S. Business (or if it otherwise possesses export-controlled technology). Any such negative impact may detrimentally affect our capability to acquire foreign companies or foreign technologies or assets in the United States that may be material to our commercial success.

***We are subject to the laws and regulations with respect to our business operations in the U.S. and the U.K.***

We are required to fulfill the respective legal and regulatory requirements for our operations in the U.S. and the U.K. For instance, all laboratory testing (except for research purposes) performed on humans in the U.S. are regulated through the Clinical Laboratory Improvement Amendments, and our laboratories are subject to licensing requirements and regulations under federal, state and local laws relating to, among others, occupational safety and health and controlled substances. Failure to comply with any of the legal and regulatory requirements may result in material impact on our operations in the relevant jurisdictions. We are also required to hold a number of permits and licenses to carry on our business in the U.S. and the U.K. Our ability to obtain and maintain these regulatory approvals is subject to any future changes to the applicable U.S. and U.K. laws and regulations may place additional burden on us and have a material impact on our operations in these countries.

***If we are unable to maintain the confidentiality of our trade secrets, our business and competitive position may be harmed.***

In addition to the protection afforded by our registered intellectual property, we rely upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We also seek to protect our proprietary technologies and processes, in part, by entering into confidentiality agreements with parties that have access to them, such as our employees and certain other third parties, and invention assignment agreements with our employees. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technologies and processes. Furthermore, we may not be able to prevent the unauthorized disclosure or use of our technical know-how or other trade secrets by the parties to these agreements, however, despite the existence generally of confidentiality agreements and other contractual restrictions. If any of our employees and certain other third parties who are parties to these agreements breaches or violates the terms of any of these agreements or otherwise discloses our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result, which could materially and adversely affect our business and competitive position. Enforcing a claim that a third party illegally disclosed or misappropriated our trade secrets, including through intellectual property litigation or other proceedings, is difficult, expensive and time consuming, and the outcome is unpredictable.

***We may face potential liabilities arising from our services.***

We typically undertake to defend, indemnify and hold our customers harmless from and against any liabilities and damages (including attorneys' fees) resulting from any third party claims, demands, suits or proceedings to the extent arising out of our performance of services, or relating to our negligence or willful misconduct, or breach of the service agreements. In particular, we may face product liability risks if the pharmaceuticals we help discover, test, develop or manufacture are subject to product liability claims. Our liability is not always capped under our service agreements, and in certain cases, the product liability cap is not applicable for claims relating to personal injuries or death. We provide services in the discovery, testing, development of pharmaceuticals and manufacturing of drug APIs and formulations that are intended ultimately to be used on humans, either during clinical trials or as marketed products. Although we do not commercially market or sell these products to end users, if any of these drugs harms people due to our negligence, willful misconduct or material breach, we may be subject to litigations and may be required to pay damages to our customers. Damages awarded in a product liability action could be substantial and our insurance coverage may be inadequate or may become unavailable on terms acceptable to us.

***The discontinuation of any of government incentives or preferential tax treatment currently available to us could adversely affect our results of operations, cash flow and prospects.***

During the three years ended December 31, 2020, we have benefited from government incentives. For the years ended December 31, 2018, 2019 and 2020, we recorded under other income RMB22.7 million, RMB35.0 million and RMB45.5 million of government grants and subsidies, respectively.

We had enjoyed preferential tax treatment during the three years ended December 31, 2020. For example, some of our subsidiaries have obtained the high and new technology enterprise or advanced technology enterprise accreditation and, accordingly, were entitled to a preferential income tax rate of 15% during the three years ended December 31, 2020.

Our eligibility to receive these financial incentives requires that we continue to qualify for them. The incentives are provided to us at the discretion of the central government or relevant local government authorities, which could determine at any time to eliminate or reduce these financial incentives, generally with prospective effect. Since our receipt of the financial incentives is subject to periodic time lags and changing government practice, as long as we continue to receive these financial incentives, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these financial incentives in addition to any business or operational factors that we may otherwise experience. The discontinuation of financial incentives currently available to us could have a material adverse effect on our financial condition, results of operations, cash flows and prospects.

***Changes in laws, government regulations or in practices relating to the pharmaceutical and biotechnology industries could decrease demand for the services we provide, and compliance with new regulations may result in additional costs.***

The markets that our customers operate in are heavily regulated, including the U.S., the U.K. and China. Changes in laws, regulations or in practices relating to the pharmaceutical and biotechnology industries, such as a relaxation in regulatory requirements, or the introduction of simplified drug approval procedures that lower the entry barrier for potential competitors, or changes in regulatory requirements may make our services less competitive, could eliminate or substantially reduce the demand for our services. Since 2016, there has been a significant rise in outsourcing opportunities in China as a result of significant regulatory challenges. In particular, in February 2016, the State Council issued *the Opinion on Carrying out the Quality and Efficacy Consistency Evaluation of Generic Drugs* (國務院辦公廳關於開展仿製藥質量和療效一致性評價的意見) (the "Consistency Evaluation Opinion"). The Consistency Evaluation Opinion, combined with other regulatory changes introduced at approximately the same time, subsequently led to a significant increase in demand for high quality CRO services in China. However, we cannot assure you that there will be no adverse regulatory changes in the PRC, or the regulatory changes in the PRC that have benefitted our business during the three years ended December 31, 2020 will continue to benefit our business going forward or that size of the CRO and CMO services market globally and in the PRC will increase at the rate anticipated. Any of these events may have a material adverse effect on our business, financial condition and results of operations.

In addition, under current regulatory requirements of the PRC, in order to introduce a drug approved overseas into the PRC market, such drug must be registered as an imported drug, otherwise the development process of such drug must be repeated in the PRC, either of which could take several years of work. By engaging us, pharmaceutical and biotechnology companies are able to conduct parallel development of drugs for both the PRC and overseas markets simultaneously. If the PRC ever streamlines, expedites or simplifies its regulatory procedures, certain of our customers' demand for our services may decrease, which would have a material adverse effect on our business, financial condition and results of operations.

***We have made significant capital investments to construct new facilities in China. We may face a variety of risks associated therewith and may not be able to realize our anticipated returns.***

We have constructed and will continue to construct a number of additional facilities in China to further expand our business. Construction of new facilities, particularly for usage in the pharmaceutical and biotechnology industry, is a complex and challenging process. Among other things, it requires interpretation of and compliance with many laws, codes, and regulations; gathering of considerable resources, including labor, equipment, and material; and communications with and coordination among multiple parties, which could divert resources from our productive uses and consume significant amounts of management time. Furthermore, it's not uncommon for construction projects to run longer than expected or exceed original cost budgets, and we cannot assure you that we will be able to develop and deploy an appropriate plan for managing those risks. Construction delays or failure to complete the construction of a property development project according to its planned specifications, schedule or budget as a result of the above or any other factors may have a material adverse effect on our business, financial condition and results of operations.

We have made and will continue to make significant capital expenditures in constructing our facilities. Our capital expenditures amounted to RMB641.0 million, 754.6 million and RMB1,315.8 million for the years ended December 31, 2018, 2019 and 2020, respectively. We expect that our business will further grow with our new facilities. However, if our business does not grow at the pace as we expected, we may not be able to generate sufficient revenue and profit to cover our capital expenditures in constructing facilities, and our business, financial position and results of operations may be materially and adversely affected.

***If we are unable to successfully expand or operate in new geographic markets, our business and prospects may be adversely affected.***

During the three years ended December 31, 2020, we generated a significant portion of our revenue from customers headquartered in the U.S. We intend to further diversify our customer geographic mix to increase revenue generated by customers headquartered in China, the U.K. and other countries or regions. However, the legal and regulatory systems, competitive landscapes and customer preferences of these markets may be different from the markets in which we currently operate. We have limited experience working with customers in markets other than the U.S., the U.K. and China, and we may encounter unanticipated barriers and challenges in these new markets, which may result in a delay to or failure of our expansion plans. In addition, we may invest significant time and resources in promoting brand awareness and acquiring market shares in these new markets. We may not be able to manage our costs or generate sufficient revenue to justify the time and resources spent. If our geographic expansion is unsuccessful, our business operation and financial condition could be materially and adversely affected.

***Payment delay or failure by our customers could adversely affect our cash flows and profitability.***

We aim to trade solely with recognized and creditworthy third parties, and all of our customers who intend to trade on credit terms are subject to our credit verification procedures. As of December 31, 2018, 2019 and 2020, our trade receivables (net of allowance for impairment) were RMB604.0 million, RMB857.1 million and RMB1,076.6 million, respectively. If any of our customers' business, cash flow, conditions or results of operations deteriorates, it may be unable or unwilling to pay trade receivables owed to us promptly or at all. Moreover, we are also subject to credit risk arising from unbilled revenue (i.e., our contract assets) or the risk that a Group's customer may not pay in accordance with the terms of the agreed payment schedule once the amount has been billed. As of December 31, 2018, 2019 and 2020, our contract assets (net of allowance for impairment) were RMB51.1 million, RMB89.1 million and RMB133.8 million,

respectively. We may not be able to bill all or any of the contract assets to our customers, or may not be able to bill such customers within the expected timeline. In addition, any substantial default or delay of a customer's payment obligations may materially and adversely affect our working capital, financial condition and results of operations.

***Increased labor and staff costs could affect our growth and profitability.***

Our operations require a sufficient number of experienced and qualified employees. Our labor and staff costs accounted for approximately 43.3%, 41.8% and 43.8% of our revenue for the years ended December 31, 2018, 2019 and 2020, respectively. The labor market for trained scientists and other qualified staff with suitable experience is highly competitive and we may need to pay more in salaries, benefits in kind or retirement benefits in order to recruit and retain appropriate staff. We may also need to recruit additional personnel to enhance our internal control, financial reporting and compliance functions after the Listing. We cannot assure you that our labor costs will not continue to increase. If there is a significant increase, our business, financial condition and results of operations may be adversely affected.

***We depend on a stable and adequate supply of quality raw materials from our suppliers, and price increases or interruptions of such supply could have an adverse impact on our business.***

Our operations require a stable and adequate supply of quality raw materials. Although we believe that we have stable relationships with our existing suppliers, we cannot assure you that we will always be able to secure a stable supply of qualified raw materials going forward. Our suppliers may not be able to keep up with our fast-growing business, may not be able to adapt to new technologies and methodologies to produce qualified raw materials, or may reduce or discontinue their supply of raw materials to us at any time. In addition, we cannot assure you that our suppliers have obtained and will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and failure to do so may lead to interruptions to their business operation, which in turn may result in a shortage of raw materials supplied to us. If the supply of quality raw materials to us is interrupted, our business operation and financial position may be adversely affected.

***We may not be able to effectively manage our inventory levels.***

Our inventories include raw materials and consumables used for our service. We manage our inventory levels based on our forecasts of customer demand for our services in terms of ongoing projects and potential new projects. Customer demand, however, can be affected by numerous uncertainties, including in relation to the progress of their projects, pending regulatory approvals, timing and success of clinical trials, our level of success in securing new projects and other factors beyond our control. Our inventories amounted to RMB70.1 million RMB97.1 million and RMB128.8 million as of December 31, 2018, 2019 and 2020, respectively.

If we fail to manage our inventory levels effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in the value of inventories, and potential inventory write-downs or write-offs. Procuring additional inventories may also require us to commit substantial working capital, preventing us from using such capital for other purposes. Any of the foregoing may materially and adversely affect our results of operations and financial condition.

***Negative publicity may adversely affect our reputation, business and growth prospects.***

Any negative publicity concerning us, our affiliates or any entity that shares the "Pharmaron" name, even if untrue and inauthentic, could adversely affect our brand image, reputation, business and prospects, particularly in light of our specialized customer base, customer referrals and word-of-mouth marketing are particularly important to our ability to acquire customers. Damage to our reputation could be difficult, expensive and time-consuming to restore and could make it challenging for us to retain our existing customers or attract new customers and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our brand name and could reduce investor confidence in us, adversely affecting the price of our Shares.

***We may be subject to intellectual property infringement claims or other relevant disputes, which could expose us to substantial liability and harm our reputation.***

We may be exposed to intellectual property right infringement or misappropriation claims by third parties when we develop and use any of our own technology, know-hows and brand. As of December 31, 2020, we had not received any notices of material claims or complaints against us for intellectual property infringement. However, we cannot assure you that we will not be subject to any such intellectual property rights claims in the future. Although we plan to defend ourselves vigorously in any such litigations or legal proceedings, we cannot assure you that we will prevail in these matters. Even if we were to succeed in our defense, involvement in such litigations and legal proceedings may also cause us to incur substantial expenses and divert the time and attention of our management. An adverse determination in any such litigations or proceedings could subject us to significant liability to third parties, require us to obtain licenses from third parties, pay ongoing royalties, or subject us to injunctions prohibiting the distribution and marketing of our services. Any similar claim against us, even without any merit, could also damage our reputation and brand image. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

We typically undertake to defend, indemnify and hold our customers harmless from and against any liabilities and damages (including attorneys' fees) resulting from any third party claims, demands, suits or proceedings to the extent arising out of our performance of services, or relating to our negligence or willful misconduct, or breach of the service agreements. As a result, if any aspect of a deliverable to a customer that we create infringes a third party's intellectual property rights due to our gross negligence, and particularly if such deliverable ultimately becomes a commercially successful product, we could be exposed to substantial liability. Any material intellectual property infringement claim, if raised against us, could have a material adverse impact on our reputation, business, financial condition and results of operations.

***If we fail to protect our intellectual property rights, we may lose our competitive edge and our brand image, reputation and prospects may be materially and adversely affected.***

Unauthorized use of any of our intellectual property rights may materially and adversely affect our business and reputation. We are endeavored to protect our intellectual property rights by various means including registering our trademarks, copyrights and patents and filing patent applications in accordance with applicable laws and regulations both in China, the U.S. and worldwide. Nevertheless, third parties may obtain and use our intellectual property rights without due authorization. The validity, enforceability and scope of protection available under the relevant intellectual property laws in the PRC are uncertain and still evolving. Implementation and enforcement of PRC intellectual property-related laws have historically been incomplete and ineffective. Accordingly, the intellectual property and confidentiality legal framework in China may not afford protection to the same extent as in the United States or other countries. The experience and capabilities of PRC courts in handling intellectual property litigation varies, and outcomes are unpredictable. Further, such litigation may require a significant expenditure of cash and may divert our management's attention from our operations, which could harm our business, financial condition and results of operations. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business, prospects and reputation.

In addition, we may encounter significant problems in protecting and defending our intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our intellectual property rights and proprietary rights generally. Proceedings to enforce our intellectual property rights and proprietary rights in foreign jurisdictions could result in substantial costs and divert our management's efforts and attention from other aspects of our business, could put our patents and other intellectual property rights at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not being approved, and could provoke third parties to initiate counterclaims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful and sufficient. Accordingly, our efforts to enforce our intellectual property rights and proprietary rights around the world may be insufficient to obtain a significant commercial advantage from the intellectual property that we develop or license.

***We may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials.***

During the clinical trials, we routinely collect and maintain medical data treatment records and other personal details of enrolled subjects. We are subject to the relevant privacy laws and regulations of the various jurisdictions in which we conduct our clinical trials. Although we have taken measures to maintain the confidentiality of the medical records and personal data of subjects enrolled in our clinical trials, including encrypting such information in our information technology system so that it cannot be viewed without proper authorization, and setting internal rules requiring our employees to maintain the confidentiality of our subjects' medical records, we cannot assure you that such measures are effective in ensuring compliance with the relevant laws and regulations or that we are able to prevent the enrolled subjects' private or medical records being divulged without their consent. For example, our information technology systems could be hacked, and personal information could leak due to theft or misuse of personal information arising from misconduct or negligence. In addition, our clinical trials frequently also involve professionals from third party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always comply with our data privacy measures. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure to protect the confidentiality of subjects' medical records and personal data, or any restriction on or liability as a result of our use of medical data, could have a material adverse effect on our business, financial condition and results of operations.

***We may fail to effectively develop and market new services, which may harm our growth opportunities and prospects.***

We intend to continue expanding our service offerings. For example, we plan to expand our services into later stage clinical studies and commercial manufacturing to further strengthen our fully-integrated pharmaceutical R&D service platforms and to build and expand our capabilities for biologics. To develop and market our new services successfully, we must accurately assess and meet customer needs; make significant capital expenditures; optimize our discovery, testing, development and manufacturing process, predict and control costs; attract, train and retain the necessary personnel; obtain required regulatory clearances or approvals; increase customer awareness and acceptance of our services; provide services of a high quality and in a timely manner; price our services competitively; compete successfully with other research and development outsourcing providers and effectively incorporate customer feedback into our business planning. If we fail to effectively develop new services and create demand for them, our future business, including results of operations, financial condition, cash flows and prospects, could be materially and adversely affected.

***If we lose any of our key customers, our business and results of operations may be adversely affected.***

We have a large, diverse and loyal customer base which includes all of the top 20 global pharmaceutical companies and many reputable biotechnology companies, according to Frost & Sullivan. For the years ended December 31, 2018, 2019 and 2020, our top five customers accounted for 24.8%, 21.1% and 18.8% of our revenue, respectively, and our largest customer accounted for 5.7%, 5.3% and 6.0% of our revenue, respectively. We cannot assure you that we will be able to maintain or strengthen our relationships with our key customers, or that our key customers will continue to engage us for significant service contracts. Furthermore, we may not be able to realize all of the anticipated future revenue associated with our contracted future revenue, particularly our clinical trial service contracts and CMC (small molecule CDMO) service contracts. If there is any significant cutback in spending for our pharmaceutical R&D services by our key customers due to industry consolidation, deterioration of their financial conditions, research and development budget cuts, pending regulatory approvals or other reasons and we are unable to obtain suitable service contracts of comparable size and terms as replacement, our business, financial condition and results of operations may be materially and adversely affected.

***If we fail to comply with applicable anti-bribery and anti-corruption laws, our reputation may be harmed and we could be subject to penalties and significant expenses.***

We are subject to the anti-bribery laws of the jurisdictions in which we operate, particularly the U.S., China and the U.K. In the U.S., the Foreign Corrupt Practices Act of 1977 generally prohibits a company from making improper payments, directly or indirectly, to foreign officials for the purpose of obtaining or retaining business. Further, in the U.S., the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act), prohibits money laundering and any activities that could facilitate money laundering. In China, the Anti-Unfair Competition Law, and provisions of the Criminal Code, prohibit giving and receiving money or property (which includes cash, proprietary interests and items of value) to obtain an undue benefit. Further, in China, Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), promulgated by the Standing Committee of the National People's Congress on October 31, 2006 and effective on January 1, 2007, prohibits money laundering. Our operations in the U.K. may also subject us to various anti-bribery laws and regulations, including the United Kingdom's Bribery Act of 2010 which prohibits commercial bribery and makes it a crime for companies failing to prevent bribery. In addition, many of our customers require us to follow strict anti-bribery and anti-money laundering policies as part of doing business with us. Our procedures and controls to monitor anti-bribery and anti-money laundering compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we fail to comply with applicable anti-bribery laws and anti-money laundering, our reputation could be harmed, customers could cancel or not renew contracts for our services and we could incur criminal or civil penalties, other sanctions and significant expenses, which could have a material adverse effect on our business, financial condition and results of operations.

***We may incur additional expenses if we are forced to relocate due to title defects of some of our leased properties.***

As of December 31, 2020, we have not obtained a valid property ownership certificate from a lessor of certain properties we leased in the PRC. As a result, the lease agreement may be challenged as to its validity. If the lease agreement is deemed to be invalid by the relevant PRC authorities or if the lessor does not possess valid titles, we may not be able to continue to lease such property and be forced to relocate, which may cause our business, financial condition and results of operations to be adversely affected.

***We recorded net current liabilities as of December 31, 2018. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks.***

We recorded net current liabilities of RMB31.9 million as of December 31, 2018. Such net current liabilities position was primarily due to a RMB156.3 million increase in other payables and accruals in connection with our staff payroll and the construction of our Ningbo facilities, a RMB67.8 million increase in short-term interest-bearing bank and other borrowings as some long term borrowings would mature within one year and were classified as current liabilities and a RMB80.2 million increase in contract liabilities as a result of the strong demand for our services, partially offset by a RMB109.1 million increase in trade receivables and a RMB46.1 million increase in prepayments, other receivables and other assets as of December 31, 2018. We did not record net current liabilities as of December 31, 2019 or 2020.

We cannot assure you that we will not record net current liabilities again in the future. A net current liabilities position exposes us to liquidity risks. Our future liquidity, the payment of trade and other payables and the repayment of debt financing will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations, our liquidity position may be materially and adversely affected, which, in turn, may impact our ability to execute our business strategies. If such event occurs, our results of operations and financial position will be materially and adversely affected.



***We may be subject to administrative penalty for our failure to register our leased properties in China.***

As of December 31, 2020, we leased from third parties 36 properties in the PRC with an aggregate gross floor area of over 91,295.64 sq.m. (excluding the GFA of dorm rooms leased for our employees) for our operations, and the registrations for certain of these properties with the relevant regulatory authorities have not been completed. According to PRC law, the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. Further, we cannot assure you that we would be able to renew our leases on acceptable terms upon their expiration. If we are not able to renew them upon expiration, or if relevant leases are terminated as a result of challenges therewith by third parties, we may be forced to relocate from affected properties and incur additional costs, and our business, financial condition and results of operations may be adversely affected.

***Animal testing could result in negative attention from special interest groups with respect to our use of laboratory animals for research purposes and adversely affect our business.***

Some of our services utilize animals in the testing of the safety and efficacy of pharmaceuticals, including non-human primates. The use of laboratory animals at our facilities must be conducted in compliance with applicable laws and regulations in the jurisdictions in which those activities are conducted. If an enforcement agency determines that our equipment, facilities, laboratories or processes do not comply with applicable standards, it may issue an inspection report documenting the deficiencies and setting deadlines for any required corrective actions. For non-compliance, the agency may take action against us that may include fines or confiscation of laboratory animals. Any such non-compliance with legal, regulatory or third-party accreditation requirements may also result in the limitation, termination, suspension or revocation of any licenses, permits, authorizations, assurances, certificates or accreditations necessary for the conduct of our business. Any determination of non-compliance, report or other action by an enforcement agency could adversely affect our business, financial condition and results of operations. Furthermore, contaminations in our animal populations may damage our inventory, harm our reputation and result in decreased sales and cause us to incur additional costs.

In addition, certain special-interest groups object to the use of these animals for research purposes. Any threats directed against our animal research activities or any negative media attention could impair our ability to operate our business efficiently. In addition, if regulatory authorities were to mandate a significant reduction in safety testing procedures that utilize laboratory animals, as has been advocated by certain groups, our business could be materially and adversely affected.

***We may face a variety of challenges relating to our clinical trial services.***

We offer a variety of early-stage clinical trial services for our customers and intend to further expand our services for late-stage clinical trials. We believe customers for our clinical trial services rely on us to help them reduce costs and speed the process of bringing a drug to market. However, we face a variety of challenges relating to our clinical trial services, including without limitation the increasingly complex nature of regulatory requirements and variations between different regulatory bodies, challenge of focusing on the best study design and high rate of failure to meet primary endpoints due to poor or complex design of clinical trials, increasing costs for clinical trials, difficulties in enrolling a sufficient number of subjects who would remain in the trial until its conclusion, the ability to develop safety oversight and medical management plans as well as trial monitoring plans for the clinical trials, and the ability to keep up with continuous development of technologies. We may face any or even all of the aforementioned challenges and other challenges and risks inherent to clinical trials. If we fail to develop appropriate plans to deal with such challenges, we may not be able to deliver effective clinical trial services to our customers, and our business, results of operations and prospects may be materially and adversely affected.

***Our insurance coverage may not be sufficient.***

We maintain certain insurance policies to safeguard against certain risks and unexpected events, such as property insurance and general commercial liability and professional errors and omissions insurance. We consider our insurance coverage to be in line with what we believe to be customary practice in our industry. For more details, please refer to the paragraph headed “Description of the Group–Insurance” in this Offering Circular. However, we cannot assure you that our insurance coverage in terms of amount, scope and benefit is sufficient. In addition, the insurance industry in China is still at an early stage of development. Insurance companies in China generally offer limited business-related insurance products and such products typically command a high premium that may not be justifiable from a cost benefit perspective. We do not have any business disruption insurance, product liability insurance or key-man life insurance. Therefore, we are exposed to various risks associated with our business and operations. Such risks include, among others, loss of key management and personnel, business interruption, litigation or legal proceedings, natural disasters such as epidemics, pandemics or earthquakes, terrorist attacks and social instability or any other events beyond our control. Our business, financial condition and results of operations may be materially and adversely affected as a result.

***Any future litigations, legal disputes, claims or administrative proceedings against us could be costly and time-consuming.***

We may, from time to time, become subject to legal proceedings and claims that arise in the ordinary course of business or as a result of governmental or regulatory enforcement activity. While we do not believe that the resolution of any lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, any litigation to which we subsequently become a party might result in substantial costs and divert management’s attention and resources. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material significance may escalate and become significant to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

Our insurance might not cover claims brought against us, might not provide sufficient payments to cover all of the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification agreements we have entered into with our customers, if our customers do not abide by the indemnification arrangement as required, or if the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unforeseen costs and could have a material adverse effect on our financial condition, results of operations or reputation.

***Our facilities are vulnerable to natural disasters or other unforeseen catastrophic events.***

We conduct our business primarily at our facilities located in China, the U.S. and the U.K. We depend on these facilities for our business operations. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars could significantly impair our ability to operate our business in ordinary course. Our facilities and certain equipment located in these facilities would be difficult to replace in any such event and could require substantial replacement costs and time. The occurrence of any such event may materially and adversely affect our business, financial condition, results of operations and prospects.

***We rely on our information technology system and may face security risks, including cyber security risks.***

We rely on a variety of information technology and automated operating systems to manage and support our operations, including protecting our customers’ intellectual property and managing and storing our operating data. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of

technological changes or development in our business. These changes may be costly and disruptive to our operations and could divert our management's attention and resources. Our systems, and those of third-party providers that we engage, may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access, cyber-attacks and thefts. We cannot assure you that the measures and steps we take to secure our systems and electronic information are sufficient. Any significant disruption to our systems could result in unauthorized disclosure of confidential information and adversely affect our business and results of operation.

***Some of our service contracts are contingent on successful completion of mutually agreed milestones, and we may bear financial risks related to our failures to accomplish such milestones on schedule.***

We generate fee income primarily for the services we provide. Under certain of our project-based contracts or work orders, we recognize revenue upon completion of milestones, either in the form of pre-set steps, delivery and acceptance of the study results and/or other deliverables or critical points in the drug discovery, development or manufacturing process. Therefore, if we fail to deliver services in accordance with our contractual requirements, experience cost overruns or underprice these contracts due to competitive pressures, we could be subject to significant costs or liability and our reputation could be harmed. Furthermore, in pricing our contracts, we take into consideration the market positioning of our services, prices of comparable services offered by our competitors, the success of the project, degree of saturation of the current market, market trends, complexities of the services required, costs and expenses of our services and the timeline of the contract. However, our evaluation of these factors may be inaccurate or incorrect. If we underprice our contracts or experience cost overruns, we may incur losses, and our business, financial condition, results of operations, cash flows and prospects would be adversely affected.

***Our equity investments/financial assets at fair value through profit or loss are subject to the uncertainties in accounting estimates.***

We measure our derivative financial instruments, equity investments at fair value through profit or loss and financial assets and liabilities at fair value through profit or loss at their respective fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. We have adopted IFRS 9, which is effective for the period beginning on or after January 1, 2018 throughout the three years ended December 31, 2020. The equity investments at fair value through profit or loss is measured using the assumptions that market participants would use when pricing such equity investments, assuming that market participants act in their economic best interest. As such, we believe that our equity investments at fair value through profit or loss are subject to the uncertainties of accounting estimates and therefore warrant particular attention.

All assets and liabilities for which fair value is measured are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: (i) level 1 financial assets and liabilities, which refer to quoted (unadjusted) market prices in active markets for identical assets or liabilities, (ii) level 2 financial assets and liabilities, which refer to valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and (iii) level 3 financial assets and liabilities, which refer to valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. As of December 31, 2018, 2019 and 2020, we recorded equity investments at fair value through profit or loss of RMB24.3 million, RMB59.1 million and RMB121.2 million, respectively, while we recorded financial assets at fair value through profit or loss of nil, RMB169.8 million and RMB825.3 million as of December 31, 2018, 2019 and 2020, respectively.

***We may face goodwill impairment risks in connection with our acquisitions.***

In order to expand our operations and global presence, we have undertaken a series of acquisitions in the U.S. and the U.K. to acquire cutting-edge technologies and to expand our capabilities and service offerings through these world-class development facilities. We also acquired CR Medicon and Beijing LinkStart in 2019 and 2020 to further expand our clinical development services in China. In practice, many companies acquire other companies and pay a consideration that exceeds the fair value of identifiable assets and liabilities that the acquired company possesses, the difference between the purchase price and the fair value of acquired assets is recorded as a goodwill. The carrying amount of goodwill of our Group were RMB139.9 million, RMB203.3 and RMB1,166.2 million at December 31, 2018, 2019 and 2020, respectively. Goodwill impairment arises when there is deterioration in the capabilities of acquired companies to generate cash flows, and the fair value of the goodwill dips below its book value. We face goodwill impairment risks in connection with our acquisitions, and any significant goodwill impairment for our acquired companies will adversely affect our business, financial condition and prospects.

***We have intangible asset other than goodwill. If any intangible assets were determined to require impairment, it could adversely affect our result of operations and financial position.***

We have other intangible assets other than goodwill in the form of client relationship, software and patents. As of December 31, 2018, 2019 and 2020, the carrying amounts of our other intangible assets were approximately RMB13.9 million, RMB35.4 million and RMB190.0 million, respectively. At the end of the reporting period, we review the carrying amounts of other intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. In the event that our other intangible assets are impaired, the amount of the impairment will constitute a non-cash expense to the profit or loss. A slowdown in revenue growth, our inability to maintain our research and development activities or a decrease in profit margins could result in an impairment to our other intangible assets other than goodwill. We cannot assure that we will continue to maintain the same level of revenue growth, research and development activities and/or profit margins. In addition, a change in the assumptions used in the impairment testing of intangible assets may lead to significant impairment losses. If our other intangible assets are impaired, or there is a change in the assumptions used in the impairment testing of our other intangible assets, our results of operations could be adversely affected.

***We are uncertain about the recoverability of our deferred tax assets, which may affect our financial position in the future.***

As of December 31, 2020, we had recognized a deferred tax assets of RMB8.4 million. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If we suffer losses in the future, we may not be able to utilize all of our deferred tax assets, which could affect our financial position in the future.

***We face risks related to health epidemics or other outbreaks in countries and regions where we have operations, including the COVID-19 outbreak.***

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus, or H1N1 influenza or the Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the business activities in affected areas, which may, in turn, materially and adversely affect our business. For example, the outbreak of COVID-19 has affected many people globally, caused temporary suspension of productions and shortage of labor and raw materials in affected regions, and disrupted local and international travel and economy. The exacerbation, continuance or reoccurrence of COVID-19 has already caused and may continue to cause an adverse and prolonged impact on the economy, geopolitical and social conditions in China, the U.S., the U.K. and other affected countries. The existing clinical trials and the commencement of new clinical trials could also be substantially delayed or prevented by any delay or failure in patient recruitment or enrollment in clinical

trials as a result of the outbreak of COVID-19. Moreover, some of the countries and regions in which we have operations have experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in any of the countries and regions in which we have operations may materially and adversely affect its economy and our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases or the measures taken by the Chinese, U.S. and U.K. governmental authorities or other countries in response to such contagious diseases will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

***We may need additional capital but may be unable to obtain the funding in a timely manner or on acceptable terms or at all.***

In order to further expand our capacity, develop new services, undertake desirable acquisitions and remain competitive, we may require additional capital. We expect to satisfy such capital commitments using part of the net proceeds from the Global Offering, cash from operations and bank facilities available to us. Financing may be unavailable in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities by CROs and CMOs, and economic, political and other conditions in China, the U.S. and the U.K. The sale of additional equity or equity-linked securities could result in dilution to the Shares held by our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants restricting our operations or our ability to make acquisitions or pay dividends. Any failure to acquire sufficient additional capital to meet our capital requirements may materially and adversely affect our business, financial condition and results of operations.

## **RISKS RELATING TO CONDUCTING BUSINESS IN CHINA**

***Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and prospects.***

We are headquartered in Beijing, China and have a number of facilities across different provinces in China. Accordingly, our business, financial condition and results of operations are affected to a significant degree by the economic, political and social conditions in China. The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, control of foreign exchange and allocation of resources, among other factors. The Chinese government has implemented various measures to encourage, but also to control, economic growth and to guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our business, financial condition and results of operations may be adversely affected by changes in pharmaceutical industry or tax regulations. These measures may cause decreased pharmaceutical activity and economic activity generally in China, which in turn could adversely affect our business, financial condition, results of operations. PRC legal system embodies inherent uncertainties that may affect the protection afforded to our business and our Shareholders.

The PRC legal system is based on written statutes. Prior court decisions may be adduced for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may be limited.

Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and regulations, in general, and the provisions for the protection of Shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between minority and controlling shareholders in terms of their rights and protections. As such, our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

***We may be restricted from transferring our scientific data abroad.***

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (科學數據管理辦法), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, if and to the extent any data collected or generated in connection with our services will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our business, results of operations, financial conditions and prospects may be materially and adversely affected. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

***Changes in PRC laws and regulations on labor and employee benefits may adversely affect our business and results of operations and substantially increase our labor-related costs.***

As a substantial portion of our business is conducted through our subsidiaries in China, we are subject to PRC laws and regulations on labor and employee benefits. In recent years, the PRC government has implemented policies to strengthen the protection of employees and obligate employers to provide more benefits to their employees. The PRC Employment Contract Law and the Employment Contract Regulation, both of which became effective in 2008, require more benefits to be provided to employees, such as compensation for termination of employment contracts. In addition, the Employment Contract Law and the Employment Contract Regulation contain provisions that are more favorable to employees than the prior labor laws and regulations in China. For example, an employer is obligated to compensate an employee if the employer decides not to renew an existing employment contract, unless the employee refuses the employer's offer to renew the expiring employment contract with the same or better terms. In addition, an employer is obligated to provide an open-ended employment contract after an employee has completed two consecutive terms of fixed-term employment, under which the employer will be liable to pay damages to an employee if the employer terminates the employment without cause, until the employee reaches an age at which he or she is eligible for pension payment. As a result of the implementation of the Employment Contract Law and the Employment Contract Regulation, we may have greater difficulty terminating under-performing employees and may incur higher levels of labor costs in order to comply with the provisions of the new law and regulation, which may adversely affect our business, financial condition and operating results.

***Governmental control of currency conversion, and restrictions on the remittance of RMB into and out of the PRC, may adversely affect the value of your investment.***

Some of our revenue was denominated in Renminbi during the three years ended December 31, 2020. Renminbi is currently not a fully freely convertible currency. A portion of our revenues may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under China's existing laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

***Our operations are subject to and may be affected by changes in PRC tax laws and regulations.***

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. For example, under the Individual Income Tax Law (“IIT Law”) which was last amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals which have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rate on such income gained within or outside the PRC as wages, salaries, remuneration for labor service. The Standing Committee of NPC have approved the amendment of the IIT Law, which took effect on January 1, 2019. Under the amended IIT law, foreign nationals have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year, would be subject to PRC individual income tax on such income gained within or outside the PRC as wages, salaries, remuneration for labor service. Upon such change of rules, our ability to attract and retain highly skilled foreign scientists and research technicians to work in China may be materially affected, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further adjustments or changes to PRC tax laws or regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, financial condition and results of operations.

***The political relationships between China and other countries may affect our business operations.***

During the three years ended December 31, 2020, we generated a substantial portion of our revenue from companies headquartered in the United States. In addition, many of the pharmaceuticals we work on target at foreign markets. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China's political relationships with those foreign countries and regions may affect the demand for our services and our ability to serve foreign customers or joint venture customers set up by foreign companies. There can be no assurance that such customers will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions and political concerns between China and the relevant foreign countries or regions may cause a decline in the demand for our services and adversely affect our business, financial condition, results of operations, cash flows and prospects.

***Our business and results of operations may be affected by risks of international policy changes.***

We are a pharmaceutical R&D services platform with well-established global operations and a substantial portion of our customers are pharmaceutical and biotechnology companies outside of China. The demand for our services by these customers may be impacted by trade policies promulgated by respective local governments against Chinese pharmaceutical R&D service providers as a result of the rise in trade protectionism and unilateralism in recent years. In the event the trade tension between China and other major countries continue to escalate, or any such countries impose restrictions or limitations on pharmaceutical R&D outsourcing, our business and results of operations may be adversely affected.

***Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.***

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares (“non-resident individual holders”), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares (“non-resident enterprise holders”) are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay Enterprise Income Tax for the dividends declared and paid by us at a tax rate of 5%.

Pursuant to the Circular on Questions Concerning Tax on the Profits Earned by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners from the Transfer of Shares (Equity Interests) and on Dividend Income (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知) issued by the State Administration of Taxation, non-resident individual holders were temporarily exempted from PRC individual income tax for the dividends or bonuses paid by issuers of H shares. However, such circular was repealed by the Announcement on the List of Fully or Partially Invalid and Repealed Tax Regulatory Documents (關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告) dated January 4, 2011.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (財政部、國家稅務總局關於個人所得稅若干政策問題的通知), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) effective as of March 30, 1998, income from individuals’ transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC government is planning to cancel foreign individuals’ tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers of the H Shares.



*You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the documents based on Hong Kong or other foreign laws.*

We are incorporated under the laws of the PRC with limited liability, and majority of our assets are located in the PRC. In addition, a majority of our Directors and Supervisors and all of our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors, Supervisors and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or 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 of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. It is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, the 2006 Arrangement has expressly provided for “enforceable final judgement,” “specific legal relationship” and “written form.” A final judgement that does not comply with the 2006 Arrangement may not be recognized and enforced in a PRC court.

On January 18, 2019, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”). Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has been signed, the outcome and effectiveness of any action brought under the 2019 Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the 2019 Arrangement can be recognized and enforced in a PRC court.

## **RISKS RELATING TO THE BONDS, THE SHARES AND THE OFFERING**

*The Bonds will be effectively subordinated to all of the Issuer’s secured debt.*

The Bonds are general senior unsecured obligations. The Bonds will be effectively subordinated to all the Issuer’s secured indebtedness to the extent of the value of the assets securing such indebtedness. In addition, the Bonds will, subject to some limitations, permit the Issuer to incur additional secured indebtedness in connection with bank and other financing arrangements.

In the event of bankruptcy, liquidation, reorganization or other winding-up, the Issuer’s assets that secure the Issuer’s secured indebtedness will be available to pay obligations on the Bonds only after all secured indebtedness, together with accrued interest, has been repaid. If the Issuer is unable to repay its secured indebtedness, the lenders could foreclose on substantially all the Issuer’s assets which serve as collateral. Under such circumstances, the Issuer’s secured lenders would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including holders of the Bonds. Holders of the Bonds will participate in the proceeds of the

liquidation of the Issuer's remaining assets ratably with holders of the Issuer's unsecured indebtedness that is deemed to be of the same class as the Bonds, and potentially with all of the Issuer's other general creditors.

***Claims by holders of the Bonds are structurally subordinated to creditors of the Issuer's subsidiaries.***

The Issuer's ability to make payments in respect of the Bonds depends largely upon the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of the Issuer's subsidiaries to pay dividends and other amounts to the Issuer may be subject to such subsidiaries' profitability and applicable laws. Payments under the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of the Issuer's subsidiaries. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including holders of the Bonds.

***There may not be a liquid market for the Bonds, and Bondholders may not be able to sell their Bonds at an attractive price or at all.***

The Bonds are a new issue of securities for which there is currently no trading market. Although, application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds, the Issuer cannot assure investors as to the liquidity of the Bonds, that an active trading market will develop, or that the Issuer will be able to maintain a listing of the Bonds on the Hong Kong Stock Exchange. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial price depending on many factors, including, but not limited to, the prevailing interest rates, the Issuer's operating and financial results and the market for similar securities. None of the Joint Lead Managers is obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Accordingly, there is no assurance that a liquid trading market for the Bonds will develop or be sustained. If an active trading market for the Bonds does not develop or is not sustained, the market price and liquidity of the Bonds may be adversely affected.

Even if an active trading market were to develop, the Bonds could trade at prices that might be lower than the initial offering price. Future trading prices of the Bonds will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- the Issuer's operating and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- the market price of the Bonds; or
- changes in the Group's industry and competition; and general market and economic conditions.

Accordingly, Bondholders may not be able to sell their Bonds at an attractive price or at all, and may incur losses on their investments.

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

In certain circumstances including giving of notice to the Group pursuant to Condition 14, the Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if it is not indemnified

and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may affect when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed and 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, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

***Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds, but are subject to changes made with respect to the Shares.***

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Issuer's articles requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

***There is a limited period during which the Bondholders may convert their Bonds.***

Subject as provided in the Terms and Conditions, Conversion Rights under the Terms and Conditions may only be exercised in certain limited circumstances (subject to any applicable fiscal or other laws or regulations and as further provided in the Terms and Conditions) from and including the 41st day after the Issue Date until the earlier of (a) the close of business on the date falling 10 working days prior to the Maturity Date; or (b) if the Bonds shall have been called for redemption by the Issuer before the Maturity Date, up to and including the close of business on a date no later than 10 working days prior to the date fixed for redemption. If the Conversion Rights are not exercised by Bondholders during the Conversion Period, the Bonds will be redeemed at 106.43 per cent. of its outstanding principal amount on the Maturity Date unless the Bonds are previously redeemed, converted or purchased and canceled in accordance with the Terms and Conditions.

***Securities law restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may limit Bondholders' ability to sell the Bonds in the United States.***

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the U.S. in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Bonds and the Shares into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

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

The Issuer 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 or may expect.

***The Bondholders may be subject to tax on their income or gain from the Bonds.***

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. (See “Taxation” for certain PRC, Hong Kong and European Union tax consequences.)

***Gains on the transfer of the Bonds may be subject to income tax and value-added tax under PRC tax laws.***

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) which took effect on 1 January 2008 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “nonresident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law of the PRC (the “IIT Law”) as last amended on 31 August 2018, and its implementation rules, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排) (the “Arrangement”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied. On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (關於全面推開營業稅改增值稅試點的通知) (Caishui [2016] No. 36) (“Circular 36”), which introduced a new value-added tax (“VAT”) from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide financial services such as providing loans within the PRC. The Issuer will be obliged to withhold VAT of 6% and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, and the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any income tax or VAT on gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected.

***The interests on the Bonds is subject to income tax under PRC tax laws.***

As the Company is a PRC resident enterprise, interests paid to non-resident enterprises holders of Bonds is treated as income derived from sources within China and is subject to the PRC withholding tax at a rate of 10%. In the case of non-resident individual holders of the Shares, the tax may be withheld at a rate of 20%. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified Bondholders.

The EIT Law and its implementation regulations, impose a tax at the rate of 10% on capital gains realised by holders of the Shares that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of the PRC tax law, despite many uncertainties with respect to their application, as the Company is considered a PRC resident enterprise, the capital gains realised by holders of the Shares may be treated as income derived from sources within China and be subject to the PRC tax at a rate of 10% (or possibly 20% in the case of non-resident individual holders of the Shares). To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified investors in the Shares.

***If the Issuer or any of its subsidiaries 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 Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants or its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, 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, a 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 the Issuer’s or such subsidiary’s other debt agreements. If any of these events occurs, there is no assurance that the Issuer will have sufficient assets and cash flow to repay in full all of its indebtedness, or that the Issuer would be able to find alternative financing. Even if the Issuer could obtain alternative financing, it cannot guarantee that it would be on terms that are favorable or acceptable to the Issuer.

***The Issuer may not have the ability to redeem the Bonds.***

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash some or all of their Bonds upon a transaction or event constituting a Relevant Event as described under “*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders*”, “*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders*”, “*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*” and “*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*”. The Issuer 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 Issuer’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 Issuer would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by the Issuer.

***The Bonds may be redeemed at the option of the Issuer, which may adversely affect the trading price and liquidity of the Bonds and may subject Bondholders to reinvestment risks.***

Subject to certain conditions, the Bonds may be redeemed at the Issuer’s option, in respect of the Series 1 Bonds only, at any time after June 18, 2024, but prior to the Maturity Date or, in respect of both Series, at any time if, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the

aggregate principal amount originally issued at, in respect of the Series 1 Bonds, the principal amount, and in respect of the Series 2 Bonds, the U.S. Dollar Equivalent of the Early Redemption Amount as of the relevant redemption date. See “*Terms and Conditions of the Series 1 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*” “*Terms and Conditions of the Series 2 Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*”. As a result, the trading price of the Bonds may be affected when this option of the Issuer becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby exercise of the Issuer’s option to redeem the Bond could have a material adverse effect on the trading price and liquidity of the Bonds. In addition, the Bondholders may not be able to reinvest the redemption proceeds at an effective interest rate and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Short selling of the Shares by Bondholders could materially and adversely affect the market price of the Shares.***

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Investors in convertible securities may seek to hedge their exposure in the underlying equity securities, often through short selling of the underlying equity securities or similar transactions. Any short selling and similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares owned by an investor as well as on the trading price of the Bonds.

***The Issuer may be unable to obtain and remit foreign currencies out of China.***

The Issuer’s ability to satisfy its obligations under the Bonds will be affected by its ability to obtain and remit sufficient foreign currency. The Issuer must present certain documents to the SAFE, its authorized branch, or the designated foreign exchange bank, for registration before it can obtain and remit foreign currencies out of China. If the Issuer for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, it may affect the Issuer’s ability to satisfy its obligations under the Bonds without any delay.

***The market value of the Bonds may fluctuate.***

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganizations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments, in Hong Kong and China as well as countries in which the Group and/or the subsidiaries and/or associated companies of Group operate or have business dealings, could have a material adverse effect on the Hong Kong economy and the results of operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of shares by shareholders or a perception in the market that such disposals could occur, could adversely affect the prevailing market price of the Shares and the Bonds.

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

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

***The return on the Bonds may decrease due to inflation.***

The Bondholders may suffer erosion on the return of their investments due to inflation. The Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

***The U.S. dollar return on the Series 2 Bonds may be adversely affected by changes in the exchange rates between the Renminbi and the U.S. dollar.***

The Series 2 Bonds are U.S. dollar-settled debt instruments. Bondholders are required to pay the subscription money for the Bonds in U.S. dollars based on the exchange rate between Renminbi and the U.S. dollar fixed on the pricing date of the Bonds. In addition, all amounts due from the Issuer under the Bonds, including the redemption price, premium and/or default interest of the Bonds, will be settled in U.S. dollars at the spot rate between Renminbi and the U.S. dollar prior to the time of payment. Accordingly, the U.S. dollar return on the Bonds, or yield to maturity, will depend on the principal amount, the premium and/or default interest converted into U.S. dollars at the spot rate. Any volatility of the exchange rate between Renminbi and the U.S. dollar during the term of the Bonds will affect the return on the Bonds, or yield to maturity, in U.S. dollars. In particular, any devaluation of the Renminbi against the U.S. dollar during the term of the Bonds will decrease the U.S. dollar return on the Bonds and will result in the yield to maturity of the Bonds in U.S. dollars being less than the stated yield to maturity of the Bonds, which is calculated in Renminbi. In the event of a material devaluation of the Renminbi against the U.S. dollar, Bondholders may not receive the full U.S. dollar subscription money upon redemption of the Bonds.

***An active trading market for the Bonds may not develop.***

The Bonds are a new issue of securities for which there is currently no trading market. Application has been made to the Hong Kong Stock Exchange for the listing, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. However, no assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders will be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall.

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

- prevailing interest rates and the markets for similar securities;
- the price of the Shares;
- general economic conditions and the conditions of the real estate industry; and
- the Group's financial condition and historical financial performance and future prospects.

***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 Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Bonds and be familiar with the behavior 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.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the 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 the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

***Modification and waivers may be made in respect of the Terms and Conditions and the Trust Deed by the Trustee without the consent of the holders of the Bonds.***

The Terms and 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 Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Trust Deed further provides that the Trustee may, but shall not be obliged to, agree without the consent of the Bondholders to any modification of the Trust Deed, the Terms and Conditions, the Bonds and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may also, without the consent of the Bondholders, agree to any modification (except as mentioned in the Trust Deed) and any waiver or authorization of any breach or proposed breach of the Bonds, the Trust Deed, the Terms and Conditions or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

***Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.***

Investment in the Bonds presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

***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:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and



- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

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

The Company depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations, including its obligations under the Bonds. The ability of the Company's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the financing agreements or other debt instruments of such companies. The Company cannot assure that its subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Company to make payments on the Bonds. These factors could reduce the payments that the Company receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Bonds.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The PRC subsidiaries, jointly controlled entities and associated companies of the Company or its non-PRC subsidiaries, jointly controlled entities and associated companies are also required to (i) set aside a portion of their post-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends and (ii) cover the deficit of prior years to the extent such reserves fall short of deficit covering.

*Any failure to complete the relevant filings under the NDRC Circular and the relevant registration with SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.*

NDRC issued Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號) (the “**NDRC Circular**”) on September 14, 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on January 12, 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

In accordance with the Foreign Debt Registration Measures issued by SAFE on April 28, 2013, which came into effect on May 13, 2013 and as amended from time to time (the “**Foreign Debt Registration Measures**”) and the Circular of the People's Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross-Border Financing Circular**”), the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with relevant

laws and regulations. According to the Foreign Debt Registration Measures and the Cross-Border Financing Circular and based on the Issuer's inquiries with local SAFE, the Issuer is required to register the Bonds within 15 working days after execution of the Issue Date and complete such registration in accordance relevant laws and regulations. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable under the PRC laws and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavors, and it intends, to complete the registration of the Bonds with SAFE within 90 Registration Business Days of the Issue Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. In the unlikely event that having exercised its best endeavors, the Issuer is unable to complete such registration on or before the Registration Deadline (as defined in the Terms and Conditions), the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

***We are subject to risks related to PBOC's changes in registration and reporting requirements.***

On January 11, 2017, the PBOC issued the Circular of the People's Bank of China on the Macro-prudence Management of Cross-border Financing in Full Aperture (the "**Cross Border Financing Circular**", or the (人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知), which came into effect on January 11, 2017. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities conducted by domestic institutions, including domestic enterprises and financial institutions other than the governmental financing platforms and real estate enterprises, based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

Neither the PBOC nor the SAFE has promulgated implementation rules of the Cross Border Financing Circular. The registration and reporting process for the aforesaid regulations and the interpretation and enforcement of the Cross Border Financing Circular thus involve substantial uncertainties due to its recent promulgation and publication.

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

The Conversion Price will be adjusted in the event that there is a consolidation, sub-division or reclassification, capitalization of profit or reserves, rights issue, capital distributions, other dilutive events or upon change of control but only in the situations and only to the extent provided in "*Terms and Conditions of the Series 1 Bonds – Conversion – Adjustments to Conversion Price*" and "*Terms and Conditions of the Series 2 Bonds – Conversion – Adjustments to Conversion Price*". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the market price of the Shares and therefore, adversely affect the market price of the Bonds.

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

Any issuance of the Issuer's equity securities after this offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. The Issuer may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related

securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares. The Issuer cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Bonds.

***The conversion of some or all of the Bonds will dilute the ownership interest of existing shareholders.***

The conversion of some or all of the Bonds will dilute the ownership interest of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion or exercise, or the perception that such sale may occur could adversely affect prevailing market prices of the Shares and the Bonds. In addition, the existence of the Bonds may encourage short selling by market participants because the conversion of the Bonds could depress the market price of the Shares.

***Enforcement of shareholder rights; mandatory arbitration.***

Currently, the primary sources of shareholder rights are our Articles of Association, the PRC Company Law, the PRC regulations and the listing rules of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, which, among other things, impose certain standards of conduct, fairness and disclosure on us, our directors and our controlling shareholder. In general, these rights are not as broad as those applicable to companies incorporated in the United States, the United Kingdom and many European countries. In addition, the mechanism for enforcement of rights under the corporate framework to which we are subject may also be relatively undeveloped and untested. To our knowledge, there has not been any published report of judicial enforcement in the PRC by holders of H Shares of their rights under constituent documents of joint stock limited companies or the PRC Company Law or in the application or interpretation of the PRC or Hong Kong regulatory provisions applicable to PRC joint stock limited companies. We cannot assure you that our shareholders will enjoy the protections to which they may be entitled in other jurisdictions.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom or most European countries, and therefore recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may not be assured. Our Articles of Association as well as the Listing Rules provide that most disputes between holders of H Shares and us, our directors, supervisors, officers or holders of domestic shares, arising out of the Articles of Association or the PRC Company Law concerning the affairs of our company or with respect to the transfer of our shares, are to be resolved through arbitration by arbitration organizations in Hong Kong or China, rather than through a court of law. On June 21, 1999, an arrangement was made between Hong Kong and Mainland China for the mutual enforcement of arbitral awards. This arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000 and was further supplemented in 2020 and 2021. We are uncertain as to the outcome of any action brought in China to enforce an arbitral award granted to shareholders.

***Bondholders may only be entitled to the Cash Settlement Amount.***

During the relevant Conversion Period (as defined in the section headed "The Offering"), the Issuer has the option to satisfy the Conversion Right (as defined in the section headed "The Offering") in respect of a relevant conversion notice by electing to pay to the Bondholder an amount of cash in U.S. dollars equivalent to the relevant cash settlement amount (the "**Cash Settlement Amount**") in order to satisfy such Conversion Right in whole or in part in lieu of delivery of Shares. In such event a Bondholder will receive fewer or no Shares (as applicable) on conversion of its Bonds.

***The Cash Settlement Amount payable to Bondholders will be subject to market price volatility during the 20 H Share Stock Exchange Business Day calculation period.***

Upon exercise of a Conversion Right, the conversion of the relevant Bonds will be physically settled unless the Issuer elects to cash settle by either (a) providing a Cash Settlement Notice to the relevant Bondholder

during the initial Conversion Period or (b) electing to cash settle in the final Conversion Period determination. The Cash Settlement Amount will be calculated using the average of the volume weighted average price of the H Shares for each day during the 20 days on which the Stock Exchange is open for business of dealing in securities (“**20 H Share Stock Exchange Business Days**”). During the initial Conversion Period, the Cash Settlement Amount will be calculated after the date of the relevant Cash Settlement Notice. As such, a Bondholder will need to wait for the calculation period to be completed before receiving any payment of the Cash Settlement Amount. The calculation of the Cash Settlement Amount will be affected by share price movements and volatility during this 20 H Share Stock Exchange Business Day period, which can be affected by a wide array of factors including, without limitation, trade tensions between the U.S. and China, general market conditions of the securities markets in Hong Kong, the PRC, the US and elsewhere in the world or economic downturn locally or globally. Please also see “*Risk Factors – Risks relating to the Bonds, the Shares and the offering – Bondholders may only be entitled to the Cash Settlement Amount*”.

Please also see “*Risk Factors – Risks relating to the Bonds, the Shares and the offering – The market value of the Bonds may fluctuate*”.

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

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

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

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

## TERMS AND CONDITIONS OF THE SERIES 1 BONDS

*The following, subject to completion and amendment and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of US\$300,000,000 in aggregate principal amount of zero coupon convertible bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Pharmaron Beijing Co., Ltd. (the “**Issuer**”) and the right of conversion into H Shares (as defined in Condition 5.1.5) of the Issuer were authorised by the general mandate granted to the board of directors of the Issuer by the shareholders of the Issuer at the annual general meeting of the Issuer held on 28 May 2021 and resolutions of the board of directors of the Issuer passed on 4 June 2021. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) to be dated on or about June 18, 2021 (the “**Issue Date**”) and made between the Issuer and Citicorp International Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. The Issuer has entered into a paying, conversion and transfer agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) to be dated on or about June 18, 2021 with the Trustee, Citibank, N.A., London Branch as principal paying agent, principal conversion agent and principal transfer agent (collectively in such capacities, the “**Principal Agent**”) and as registrar (the “**Registrar**”) and the other paying agents, transfer agents and conversion agents appointed under it (each a “**Paying Agent**”, a “**Transfer Agent**” or a “**Conversion Agent**” (as applicable) and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. For the avoidance of doubt, references to the “**Paying Agents**”, the “**Transfer Agents**” or, as the case may be, the “**Conversion Agents**” each include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**” and the “**Agents**” below are references to the principal agent, the registrar and the agents for the time being for the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement. Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. The Issuer has also entered into a calculation agency agreement (the “**Calculation Agency Agreement**”) to be dated on or about June 18, 2021 with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor as calculation agent under the Calculation Agency Agreement) whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds. The Bondholders are deemed to have notice of those provisions applicable to them which are contained in the Calculation Agency Agreement. Copies of the Trust Deed, the Agency Agreement and of the Calculation Agency Agreement are available for inspection reasonable times during usual business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Principal Agent, being at the date of the Trust Deed at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong following prior written request and proof of holding and identity satisfactory to the Principal Agent. The Bondholders (as defined in Condition 1.3) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement and Calculation Agency Agreement applicable to them.

All capitalised terms that are not defined in the Conditions will have the meanings given to them in the Trust Deed.

### 1. Status; Form, Denomination and Title

#### 1.1 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1) 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 3.1, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

## **1.2 Form and Denomination**

The Bonds are issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$100,000 in excess thereof (an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

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

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

## **1.3 Title**

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “Bondholder” and (in relation to a Bond) “holder” means the person in whose name a Bond is registered.

## **2. Registration and Transfers of Bonds; Issue of Certificates**

### **2.1 Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement a register 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, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### **2.2 Transfers**

Subject to Conditions 2.5 and 2.6 and the terms of the Agency Agreement, a Bond may be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or of any of the Transfer Agents. No transfer of a Bond will be valid or effective unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person.

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

### **2.3 Delivery of New Certificates**

2.3.1 Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any 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 Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Registrar and each Transfer Agent.

*Except in the limited circumstances described herein, the Bonds will only be issued to the Bondholders in book-entry form and owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

2.3.2 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, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

2.3.3 For the purposes of this Condition 2.3, "**business day**" shall mean a day other than a Saturday or Sunday 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 conversion) or the Transfer Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

### **2.4 Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such regulations as the Issuer may from time to time agree with the Registrar with the prior written approval of the Trustee or as the Registrar may promulgate with the prior written approval of the Trustee (and as initially set out in the Agency Agreement).

### **2.5 Restricted Transfer 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 pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 5.2.1) has been delivered with respect to such Bond; (iii) after a Put Option Notice (as defined in Condition 7.4) has been deposited in respect of such Bond or (iv) after a Relevant Event Put Exercise Notice (as defined in Condition 7.5) has been deposited in respect of such Bond, each such period being a "**Restricted Transfer Period**".

### **2.6 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 Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available (free of charge to the Bondholder and at the Issuer's expense) by the Registrar to any Bondholder following written request and satisfactory proof of holding and identity and is available for inspection following written request and proof of holding and identity satisfactory to the Registrar at all reasonable times during normal business hours at the specified office of the Registrar.

### 3. Covenants

#### 3.1 *Negative Pledge*

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and the Issuer will procure that no Subsidiary (as defined below) will create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, to secure any Investment Securities (as defined below) or to secure any guarantee of or indemnity in respect of any Investment Securities unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

#### 3.2 *Undertakings Relating to Foreign Debt Registration*

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 as amended from time to time and the Circular of the People's Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross-Border Financing Circular**”) (the “**Foreign Debt Registration**”), (ii) use its best endeavors to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to the Foreign Debt Registration, the Cross-Border Financing Circular and any implementing measures promulgated thereunder from time to time.

#### 3.3 *Notification to NDRC*

The Issuer undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and effective as of 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

#### 3.4 *Notification of Submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration*

The Issuer shall on or before the Registration Deadline and within 10 Registration Business Days after the later of (i) submission of the NDRC Post-issue Filing and (ii) receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), provide the Trustee with (a) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration; and (b) copies of the relevant documents evidencing the NDRC Post-issue Filing and the Foreign Debt Registration, each certified in English as a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (a) and (b) together, the “**Registration Documents**”). In addition, the Issuer shall, within 10 Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration.



The Trustee shall have no obligation or duty to monitor or assist with or ensure the NDRC Post-Issue Filing is submitted or the Foreign Debt Registration is submitted or completed within the timeframe specified in Condition 3.2 and Condition 3.3, respectively, 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/or the Foreign Debt Registration and/or the Registration Documents or to translate or procure the translation into English of the documents in relation to or in connection with the NDRC Post-issue Filing or the Foreign Debt Registration or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

### 3.5 *Definitions*

For the purposes of these Conditions:

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Investment Securities**” means any present or future indebtedness incurred outside the PRC in the form of, or represented by, bonds, debentures, notes, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other investment securities which represent indebtedness and are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market;

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

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

“**PRC**” means the People’s Republic of China, which, for the purpose of these Conditions only, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

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

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

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local branch; and

“**Subsidiary**” or “**subsidiary**” means (i) in relation to any person, any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the registered share capital or issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of Hong Kong or the PRC, or in accordance with generally accepted accounting principles applicable in the PRC from time to time, should have its accounts consolidated with those of that person.

#### 4. Interest

The Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal and premium (if any) is improperly withheld or refused. In such event, such unpaid amount shall bear interest at the rate of 2 per cent. per annum (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (b) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it 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.

#### 5. Conversion

##### 5.1 Conversion Right

5.1.1 *Conversion Right and Conversion Period:* Subject as hereinafter provided and in accordance with the provisions of the Trust Deed, Bondholders have the right to convert their Bonds into H Shares credited as fully paid at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into H Shares is called the “**Conversion Right**”. The number of H Shares to be issued on conversion of a Bond will be determined by the Calculation Agent by dividing the principal amount of the Bond to be converted (translated into HK dollars at the fixed rate of HK\$7.7588 = U.S.\$1.00) (the “**Fixed Exchange Rate**”) by the Conversion Price (as defined in Condition 5.1.3) in effect on the Conversion Date (as defined in Condition 5.2.1). A Conversion Right may only be exercised in respect of an Authorised Denomination for one or more Bonds. If more than one Bond held by the same holder is converted at any one time pursuant to any one Conversion Notice, the number of H Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Subject to and upon compliance with these Conditions (including without limitation Condition 5.1.4), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined in Condition 7.1) (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (both days inclusive and at the place aforesaid) prior to the date fixed for redemption thereof; provided that no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 or Condition 7.5 or during a Restricted Conversion Period (both dates inclusive) (as defined below); provided further that the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as hereafter provided in these Conditions (the “**Conversion Period**”).

A Conversion Right may not be exercised in relation to any Bond during any period:

- (i) commencing, for an annual shareholder general meeting of the Issuer, on the date falling 20 days prior to that meeting and ending on the date of that meeting, or, for an extraordinary shareholder general meeting of the Issuer, on the date falling 15 days prior to that meeting and ending on the date of that meeting;
- (ii) commencing the date falling five working days prior to the record date set by the Issuer for the purpose of distribution of any dividend and ending on such record date; or

(iii) commencing on such date and for such period as determined by applicable law from time to time that the Issuer is required to close its register,

(each of the periods set out in (i), (ii) and (iii) above, subject as provided in the following paragraph, a “**Restricted Conversion Period**”).

The Issuer will give notice of any such Restricted Conversion Period to the Bondholders (in accordance with Condition 16) and the Trustee and Agents not less than five working days prior to the commencement of any such Restricted Conversion Period, failing which the relevant Restricted Conversion Period shall not apply.

For the purpose of this Condition 5.1.1, “working day” means a day other than a Saturday, Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.

*5.1.2 Fractions of H Shares:* Fractions of H Shares will not be issued on conversion and no cash payments or other adjustments will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised pursuant to any one Conversion Notice, the number of such H Shares to be issued in respect thereof shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of H Shares.

Notwithstanding the foregoing, in the event of a consolidation or re-classification of H Shares by operation of law or otherwise occurring after June 8, 2021 which reduces the number of H Shares outstanding, the Issuer will upon conversion of Bonds, in respect of which the Registration Date falls after the record date or other due date for the establishment of entitlement for such consolidation or re-classification, pay a sum (but only if such sum exceeds U.S.\$100.00) in cash in U.S. dollars (by means of a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars or by transfer to a U.S. dollar account maintained by the payee) in either case in accordance with instructions given by the relevant Bondholder in the Conversion Notice, and no later than five Payment Business Days following the Conversion Date (or, in the case of Additional H Shares, the Reference Date) equal to the product of (i) the fraction of any H Share not delivered pursuant to the above paragraph and (ii) the Volume Weighted Average Price of an H Share converted if necessary into U.S. dollars at the Prevailing Rate on the relevant Conversion Date, as determined by the Calculation Agent.

*5.1.3 Conversion Price:* The price at which H Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$250.75 per H Share but will be subject to adjustment in the manner provided in Condition 5.3, subject as provided in Condition 5.6.

*5.1.4 Revival and/or survival after Default:* Notwithstanding the provisions of Condition 5.1.1, if (i) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (ii) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 9 or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 7.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 16 and, notwithstanding the provisions of Condition 5.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

5.1.5 *Meaning of H Shares, A Shares, Ordinary Shares:* As used in these Conditions, the expression (i) “**H Shares**” means ordinary foreign shares with a par value of RMB1.00 each issued by the Issuer which are traded in HK dollars on the Hong Kong Stock Exchange (ISIN: CNE100003PG4); (ii) “**A Shares**” means ordinary domestic shares of RMB1.00 each issued by the Issuer which are traded in Renminbi on the Shenzhen Stock Exchange; and (iii) “**Ordinary Shares**” means the H Shares, the A Shares and any fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Issuer authorised after the date of the issue of the Bonds which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

### ***Conversion Procedure***

5.1.6 *Conversion Notice:* Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during its usual business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday on which commercial banks are open for business in the city of the specified office of the Conversion Agent) accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current and being substantially in the form scheduled to the Agency Agreement) obtainable from any Conversion Agent, together with (i) the relevant Certificate; and (ii) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the PRC, Hong Kong or any jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

*Holders of beneficial interests in the Global Certificate may exercise Conversion Rights through the holder of the Global Certificate in accordance with the rules of the applicable clearing system.*

If such delivery is made after 3.00 p.m. on any business day or on a day which is not a business day, in each case in the place of the specified office of the Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such day. If such delivery is made during a Restricted Conversion Period, such delivery shall be deemed for all purposes of these Conditions to have been made on the business day following (in the place of the specified office of the Conversion Agent) the last day of such Restricted Conversion Period unless such date shall fall outside the Conversion Period.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Agents and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be deemed to be the H Share Stock Exchange Business Day (as defined in Condition 5.8) immediately following the date on which delivery of the Certificate in respect of such Bond and such Conversion Notice (and, if applicable, any such certificate) is made (or deemed to be made) as provided above is so made or given).

5.1.7 *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities or party any taxes and duties, including capital, stamp, issue, excise, transfer, registration and other similar taxes and duties and transfer costs (“**Duties**”) in any applicable jurisdiction arising on conversion (other than any Duties payable in the PRC or Hong Kong or, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of H Shares and listing of the H Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) on conversion, such Duties being the “**Issuer Duties**”) (such Duties and Issuer Duties are collectively known as “**Taxes**”). The Issuer will pay all other expenses arising from the issue of H Shares on conversion of the Bonds and all charges (together, the “**Conversion Expenses**”) of the Agents and the share transfer agent for the H Shares (the “**Share Transfer Agent**”). The Bondholder (and, if different, the person to whom the H Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities or party in settlement of Duties (other than the Issuer Duties) payable pursuant to this Condition 5.2.2 have been paid.

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

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

Neither the Trustee nor the Agents shall be responsible for determining whether such Taxes or Conversion Expenses are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay any such amount.

5.1.8 *Delivery of H Shares Upon Conversion, Registration, Retroactive Adjustments:*

- (i) As soon as practicable, and in any event not later than seven H Share Stock Exchange Business Days (excluding any H Share Stock Exchange Business Day that falls within a Restricted Conversion Period) after the relevant Conversion Date (or, in the case of Additional H Shares, the relevant Reference Date), the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and certification and amounts payable by the relevant Bondholder deposited or paid as required by Conditions 5.2.1 and 5.2.2, register the person designated for the purpose in the Conversion Notice as holder of the relevant number of H Shares in the Issuer’s H share register and will, if such Bondholder has so requested in such Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (“**CCASS**”) effective from time to time, take all action reasonably necessary to enable the H Shares to be delivered through CCASS for so long as the H Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer’s share registrar in Hong Kong (being, at the time of issue of the Bonds, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (ii) The delivery of the H Shares to the converting Bondholder (or such person designated in the relevant Conversion Notice) in the manner contemplated in Condition 5.2.3(i) will be deemed to satisfy the Issuer's obligation to pay any amounts under such converted Bonds. The person designated in the Conversion Notice will become the holder of record of the number of H Shares issuable upon conversion with effect from the date he is registered as such in the Issuer's register of members for H shares (the "**Registration Date**", or, in the case of Additional H Shares, the "**Additional Registration Date**", in each case in respect of such exercise of Conversion Rights). The H Shares issued upon exercise of the Conversion Rights will be fully paid up and will in all respects rank *pari passu* with, and within the same class as, the H Shares in issue on the relevant Registration Date (or, in the case of Additional H Shares, the Additional Registration Date) except for any right excluded by mandatory provisions of applicable law. Save as set out in these Conditions, a holder of H Shares issued on exercise of the Conversion Rights shall not be entitled to any rights, distributions or other payments the record date or due date for the establishment of entitlement for which precedes the relevant Registration Date (or, in the case of Additional H Shares, the Additional Registration Date). Notwithstanding the foregoing, where the Cash Settlement Option has been exercised and the number of Cash Settled H Shares is equal to the number of Reference H Shares in respect of the relevant exercise of Conversion Rights, the "**Registration Date**" in respect thereof shall be date falling seven H Share Stock Exchange Business Days (excluding any H Share Stock Exchange Business Day that falls within a Restricted Conversion Period) after the relevant Conversion Date.
- (iii) If (A) the Registration Date in relation to any exercise of Conversion Rights shall be after the Applicable RA Date in respect of any adjustment to the Conversion Price pursuant to Condition 5.3 and (B) the Conversion Date in relation to such exercise shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a "**Retroactive Adjustment**"), upon the relevant adjustment to the Conversion Price becoming effective under the relevant Condition the Issuer shall procure the issue to the converting Bondholder (in accordance with the instructions contained in the Conversion Notice (subject to any applicable laws or regulations)), such additional number of H Shares ("**Additional H Shares**") as, together with the Physically Settled H Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Physically Settled H Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price under the relevant Condition had been effective on the relevant Conversion Date (such number of Physically Settled H Shares as aforesaid being for this purpose calculated as (i) where the Cash Settlement Option has not been exercised in respect of such exercise of Conversion Rights, the Reference H Shares in respect of such exercise of Conversion Rights determined for this purpose by reference to such deemed Conversion Price as aforesaid, and (ii) where the Cash Settlement Option has been exercised in respect of such exercise of Conversion Rights, the difference between (A) such number of Reference H Shares as is determined pursuant to (i) above and (B) the product of (x) such number of Reference H Shares determined as aforesaid and (y) the Cash Settlement Ratio in respect of such exercise of Conversion Rights), all as determined by the Calculation Agent.

5.1.9 *Cash Settlement Option*: Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of H Shares deliverable upon conversion of the Bond is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall have the option, in its sole discretion, to pay to the relevant Bondholder an amount of cash equivalent to the Cash Settlement Amount in order to satisfy such Conversion Right in whole or in part (and if in part, the other part shall be satisfied by the delivery of H Shares) (the "**Cash Settlement Option**"). In order to exercise the Cash Settlement Option, the Issuer shall provide notice of the exercise of the Cash Settlement Option (the "**Cash Settlement Notice**") to the relevant Bondholder (by email to the relevant email address specified for this purpose by such Bondholder in the relevant Conversion Notice), the Trustee, the Calculation Agent and the Agents no later than the Cash Settlement Notice Date.

The Cash Settlement Notice shall be irrevocable and must specify:

- (i) the Conversion Price in effect on the relevant Conversion Date and the number of Reference H Shares in respect of such exercise of Conversion Rights;
- (ii) the number of Cash Settled H Shares in respect of such exercise of Conversion Rights, by reference to which the Cash Settlement Amount is to be calculated; and
- (iii) if the number of Cash Settled H Shares is less than the number of Reference H Shares in respect of the relevant exercise of Conversion Rights, the number of Physically Settled H Shares to be issued by the Issuer to the relevant Bondholder in respect of such exercise of Conversion Rights.

The Issuer shall pay the Cash Settlement Amount no later than five Payment Business Days following the last day of the Cash Settlement Calculation Period. The Cash Settlement Amount shall be paid by the Issuer by means of a U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank that processes payments in U.S. dollars in accordance with the instructions given by the relevant Bondholder in the relevant Conversion Notice.

For the purposes of these Conditions:

**“Cash Settled H Shares”** means, in respect of an exercise of Conversion Rights by a Bondholder in respect of which the Issuer has exercised the Cash Settlement Option, such number of H Shares (which shall be a whole number of H Shares and shall not exceed the number of Reference H Shares in respect of such exercise) as determined by the Issuer and notified to the relevant Bondholder in the relevant Cash Settlement Notice.

**“Cash Settlement Notice Date”** means the fifth H Share Stock Exchange Business Day following the relevant Conversion Date.

**“Cash Settlement Amount”** means, in respect of any exercise of Conversion Rights in respect of which the Issuer has exercised the Cash Settlement Option, an amount in U.S. dollars (rounded to the nearest whole multiple of 0.01 U.S. dollars, with 0.005 U.S. dollars being rounded upwards) calculated by the Calculation Agent in accordance with the following formula and which shall be payable by the Issuer to a Bondholder in respect of the relevant Cash Settled H Shares specified in the relevant Cash Settlement Notice:

where:

$$CSA = \sum_{n=1}^N \frac{1}{N} \times CSS \times P_n$$

CSA = the Cash Settlement Amount;

CSS = the Cash Settled H Shares;

$P_n$  = the Volume Weighted Average Price of one H Share (converted if necessary into U.S. dollars at the Prevailing Rate) on the n-th H Share Stock Exchange Business Day of the Cash Settlement Calculation Period; and

N = 20, being the number of H Share Stock Exchange Business Days in the Cash Settlement Calculation Period,

provided that:

- (a) if any dividend, distribution or other entitlement in respect of the H Shares is announced, (whether on or prior to or after the relevant Conversion Date) in circumstances where the record date or other due date for the establishment of entitlement of holders of H Shares in respect of such dividend, distribution or other entitlement shall be on or after the relevant Registration Date and if on any H Share Stock Exchange Business Day in the Cash Settlement Calculation Period the Volume Weighted Average Price is based on a price ex- such dividend, distribution or other entitlement, then such Volume Weighted Average Price shall be increased by an amount equal to the Fair Market Value of any such dividend, distribution or other entitlement per H Share as at the Ex-Date in respect of such dividend, distribution or other entitlement, all as determined by the Calculation Agent, provided that where such Fair Market Value as aforesaid cannot be determined in accordance with these Conditions on or before the last day of the relevant Cash Settlement Calculation Period, the relevant Volume Weighted Average Price as aforesaid shall be adjusted in such manner as determined to be appropriate by an Independent Financial Advisor no later than such last day of the Cash Settlement Calculation Period as aforesaid;
- (b) if a Retroactive Adjustment occurs in relation to the relevant exercise of Conversion Rights and if any H Share Stock Exchange Business Day comprised in the Cash Settlement Calculation Period in respect of such exercise of Conversion Rights falls on or after the Applicable Date, the Volume Weighted Average Price on any such H Share Stock Exchange Business Day shall be divided by the adjustment factor (as determined pursuant to these Conditions) applied to the Conversion Price in respect of the relevant Retroactive Adjustment, all as determined by the Calculation Agent, provided that where such adjustment factor as aforesaid cannot be determined in accordance with these Conditions on or before the last day of the relevant Cash Settlement Calculation Period, the relevant Volume Weighted Average Price as aforesaid shall be adjusted in such manner as determined to be appropriate by an Independent Financial Advisor no later than such last day of the Cash Settlement Calculation Period as aforesaid; and
- (c) if any doubt shall arise as to the calculation of the Cash Settlement Amount or if such amount cannot be determined as provided above, the Cash Settlement Amount shall be equal to such amount as is determined in such other manner as an Independent Financial Advisor shall consider to be appropriate to give the intended result.

If the Issuer is at any time otherwise (for any reason whatsoever) unable to issue sufficient H Shares in satisfaction of the Conversion Right of any converting Bondholder, the Issuer undertakes to exercise the Cash Settlement Option in full, or to the extent required, to satisfy the Conversion Right of such Bondholder.

## **5.2 Adjustments to Conversion Price**

Upon the occurrence of any of the events described below, the Conversion Price shall be adjusted as follows:

*5.2.1 Consolidation, Subdivision or Re-classification:* If and whenever there shall be an alteration to the nominal value of the H Shares as a result of consolidation, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

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

Where:

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

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

Such adjustment shall become effective on the date that such consolidation, subdivision or re-classification takes effect.



### 5.2.2 Capitalisation of Profits or Reserves:

- (i) If and whenever the Issuer shall issue Ordinary Shares of any class credited as fully paid to the holders of such Ordinary Shares (“**Ordinary Shareholders**”) by way of capitalisation of profits or reserves, including Ordinary Shares of such class paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

- A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and
- B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Where (i) such issue is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue in respect of the H Shares, such date shall be deemed to be the record date in respect of such offer for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

- (ii) In the case of an issue of Ordinary Shares of any class by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of Ordinary Shares (for the purpose of this Condition 5.3.2(ii), the “**Determination Date**”) multiplied by the number of Scrip Dividend issued exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Scrip Dividend by the following fraction:

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

Where:

- A is the aggregate nominal amount of the issued Ordinary Shares of all classes immediately before the Determination Date;
- B is the aggregate nominal amount of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such aggregate Current Market Price of the Scrip Dividend issued in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of such Scrip Dividend,

or (at the Issuer's sole discretion, following consultation with the Calculation Agent) by making such other adjustment to the Conversion Price as determined to be appropriate by an Independent Financial Advisor.

Where (i) such issue is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue in respect of the H Shares, such date shall be deemed to be the record date in respect of such offer for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.3 *Capital Distributions*: If and whenever the Issuer shall pay or make any Capital Distribution to the Ordinary Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 5.3.2 above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

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

Where:

A is the sum of the products of, in respect of each of the classes of Ordinary Shares in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class in issue on the Determination Date and (ii) the Current Market Price per Ordinary Share of such class on the date on which the Capital Distribution is first publicly announced (for the purpose of this Condition 5.3.3, the "**Determination Date**"); and

B is the aggregate Fair Market Value of the aggregate Capital Distribution in respect of each such class of Ordinary Shares.

Where (i) such Capital Distribution is paid or made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such Capital Distribution in respect of the H Shares, such date shall be deemed to be the record date in respect of such Capital Distribution for the purpose of these Conditions.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or, if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "**Fair Market Value**" (as defined in Condition 5.8)) be determined as at the Determination Date. In making any calculation pursuant to this Condition 5.3.3, such adjustments (if any) shall be made as an Independent Financial Advisor (or, if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent) may consider appropriate to reflect (i) any consolidation or subdivision of the Ordinary Shares, (ii) issues of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event or (iii) the modification of any rights to dividends of Ordinary Shares.

5.2.4 *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer shall issue Ordinary Shares of one or more classes to all or substantially all Ordinary Shareholders of such classes by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such classes by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such classes, in each case at a consideration less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of the issues or grants (for the purpose of this Condition 5.3.4, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues or grants by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price;
- C<sub>1</sub> is the aggregate number of Ordinary Shares of one class to be issued or, as the case may be, the maximum number of Ordinary Shares of such class which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights in respect thereof at the initial subscription, purchase or acquisition price or rate; and
- C<sub>2</sub> where applicable, is the aggregate number of Ordinary Shares of a second class issued or, as the case may be, the maximum number of Ordinary Shares of such class which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights in respect thereof at the initial subscription, purchase or acquisition price or rate.

Where (i) such issue or grant is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue or grant in respect of the H Shares, such date shall be deemed to be the record date in respect of such issue or grant for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or, where if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.5 *Rights Issues of Other Securities:* In respect of each class of Ordinary Shares, if and whenever the Issuer shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares) to all or substantially all Ordinary Shareholders of such class by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

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

Where:

- A is the sum of the products of, in respect of each of the classes of Ordinary Shares classes in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class and (ii) the Current Market Price per Ordinary Share of such class on the date on which the terms of such issue or grant are first publicly announced (for the purpose of this Condition 5.3.5, the “**Determination Date**”); and
- B is the aggregate Fair Market Value of the aggregate securities, rights, options or warrants (as the case may be) attributable to the Ordinary Shares in respect of each such class of Ordinary Shares.

Where (i) such issue or grant is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue or grant in respect of the H Shares, such date shall be deemed to be the record date in respect of such issue or grant for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value” (as defined in Condition 5.8)) be determined as at the Determination Date.

5.2.6 *Issues at Less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 5.3.4 above) wholly for cash or for no consideration any Ordinary Shares of one or more classes (other than H Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 5.3.4 above) wholly for cash or for no consideration options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares of one or more classes, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of such issues (for the purpose of this Condition 5.3.6, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;

- $B_1$  is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at such Current Market Price;
- $B_2$  where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at such Current Market Price;
- $C_1$  is the aggregate number of Ordinary Shares of one class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate; and
- $C_2$  where applicable, is the aggregate number of Ordinary Shares of a second class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate.

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

Where (i) such issue comprises more than one class of Ordinary Shares (or, options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares of more than one class) and (ii) any such class of Ordinary Shares is the H Shares class, the date of issue of such Ordinary Shares (or, as the case may be, the date of issue or grant of such options, warrants or other rights) shall be deemed to be the date of issue of the H Shares (or, as the case may be, the date of issue or grant of the options, warrants or other rights to subscribe for, purchase or otherwise acquire H Shares) for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or other rights (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

*5.2.7 Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 5.3.7, if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 5.3.4, Condition 5.3.5 or Condition 5.3.6), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities wholly for cash or for no consideration (other than the Bonds, which shall be deemed to exclude any further bonds issued pursuant to Condition 15) which by their terms of issues carry rights of conversion into, or exchange or subscription for, Ordinary Shares of one or more classes to be issued by the Issuer upon conversion, exchange or subscription, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of issues of such securities (for the purpose of this Condition 5.3.7, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;

- $B_1$  is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Issuer for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price;
- $B_2$  where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Issuer for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price;
- $C_1$  is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate; and
- $C_2$  where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Where (i) such issue comprises securities which by their terms of issues carry rights of conversion into, or exchange or subscription for, more than one class of Ordinary Shares and (ii) any such class of Ordinary Shares is the H Shares class, the date of issue of the securities which by their terms of issues carry rights of conversion into, or exchange or subscription for, H Shares shall be deemed to be the date of issue of all such securities for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such securities (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.8 *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities (other than the Bonds) as are mentioned in Condition 5.3.7 (other than in accordance with the terms of such securities) so that the consideration per Ordinary Share of one or more classes (for the number of Ordinary Shares of such classes available on conversion, exchange, subscription, purchase or acquisition following the modification) is reduced and, in each case, is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the proposals for such modifications (for the purpose of this Condition 5.3.8, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modifications by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;
- $B_1$  is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Issuer for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange subscription, purchase or acquisition price of such securities;

- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Issuer for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange subscription, purchase or acquisition price of such securities;
- C<sub>1</sub> is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Advisor (or, if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent) considers appropriate (if at all) for any previous adjustment under this Condition 5.3.8 or Condition 5.3.7; and
- C<sub>2</sub> where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Advisor (or, if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent) considers appropriate (if at all) for any previous adjustment under this Condition 5.3.8 or Condition 5.3.7.

Where (i) such modification is in respect of securities which by their terms of issues carry rights of conversion into, or exchange or subscription for, more than one class of Ordinary Shares and (ii) any such class of Ordinary Shares is the H Shares class, the date of modification of rights of conversion into, or exchange or subscription for H Shares shall be deemed to be the date of modification of all rights of conversion into, or exchange or subscription for Ordinary Shares for the purpose of these Conditions.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

- 5.2.9 *Other Offers to Ordinary Shareholders:* In respect of each class of Ordinary Shares, if and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Ordinary Shareholders of such class generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 5.3.4, Condition 5.3.5, Condition 5.3.6 or Condition 5.3.7 (or, where applicable, would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per H Share on the relevant Determination Date)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

- A is the sum of the products of, in respect of each of the classes of Ordinary Shares in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class in issue and (ii) the Current Market Price per Ordinary Share of such class on the date on which the terms of such issue, sale or distribution of securities are first publicly announced (for the purpose of this Condition 5.3.9, the “**Determination Date**”); and
- B is the aggregate Fair Market Value of the portion of the aggregate rights attributable to the Ordinary Shares in respect of each such class of Ordinary Shares.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities or, if a record date is fixed therefor, immediately after such record date (or if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "Fair Market Value" (as defined in Condition 5.8)) be determined as at the Determination Date.

5.2.10 *Other Events:* If the Issuer determines, in its sole discretion following consultation with the Calculation Agent, that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 5.3, the Issuer shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination.

5.2.11 *Further Classes of Ordinary Shares:* In the event that the Issuer has more than two classes of Ordinary Shares outstanding at any time, the formulae set out in this Condition 5.3 shall be restated to take into account such further classes of Ordinary Shares so that " $B_1 + B_2$ " and " $C_1 + C_2$ " shall become " $B_1 + B_2 + B_3$ " and " $C_1 + C_2 + C_3$ " and " $B_3$ " and " $C_3$ " shall have the same meaning as " $B_1$ " and " $C_1$ ", respectively, but by reference to a third class of Ordinary Shares and so on.

5.2.12 *Modifications:* Where the events or circumstances giving rise to any adjustment pursuant to this Condition 5.3 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 5.3 as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result.

### 5.3 Undertakings

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

- (i) it will use its all reasonable endeavors (a) to maintain a listing for the H Shares on the Hong Kong Stock Exchange, (b) to obtain and maintain a listing for all the H Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange and (c) if the Issuer is unable to obtain or maintain such listing, to obtain and maintain a listing for all the issued H Shares on such Alternative Stock Exchange as the Issuer may from time to time determine, and will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the H Shares (as a class) by any such stock exchange;
- (ii) it will pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, H Shares arising on conversion of the Bonds (save for the Duties to be borne by any Bondholder as described in Condition 5.2.2);



- (iii) it will not make any reduction of its registered share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law (including but not limited to repurchase or cancellation of its shares (i) pursuant to any share incentive or share option schemes of the Issuer; (ii) as a result of its shareholders' dissent to the Issuer's merger or segregation in a shareholders' meeting and request the Issuer to repurchase its shares; (iii) for the protection of the interests of the Issuer's shareholders; and (iv) as permitted by laws and regulations and the Issuer's articles of association) provided that the reduction results in an adjustment to the Conversion Price then in effect); and
- (iv) it will use all reasonable endeavors to maintain the listing of the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to maintain such listing or such listing is unduly onerous, to use all reasonable endeavours to obtain and maintain a listing on another internationally recognised stock exchange as the Issuer may from time to time determine (with prior notification to the Trustee) and will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the Bonds by any such stock exchange.

5.3.2 In the Trust Deed, the Issuer has undertaken with the Trustee that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders:

- (i) it will issue H Shares to Bondholders on exercise of Conversion Rights and ensure that at all times it has the ability to issue free from pre-emptive or other similar rights such number of H Shares as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into H Shares to be satisfied in full and will ensure that all H Shares delivered upon conversion of the Bonds will be duly and validly issued as fully-paid and not subject to call for further funds, unless the Issuer has elected to exercise the Cash Settlement Option in respect of any conversion of the Bonds; and
- (ii) it will not make any offer, issue or distribution or take any action the effect of which would be to reduce the Conversion Price below the par value of the H Shares of the Issuer provided always that the Issuer shall not be prohibited from purchasing its H Shares to the extent permitted by law.

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

#### ***5.4 Notice of Change in Conversion Price***

The Issuer shall give notice to the Hong Kong Stock Exchange, to the Trustee and each Conversion Agent in writing and to the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

## 5.5 *Change of Control Conversion Price*

If a Change of Control (as defined in Condition 7.5.5) shall have occurred, the Issuer shall give notice of that fact to the Bondholders pursuant to Condition 7.5.4 (the “**Change of Control Notice**”).

Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price (the “**Change of Control Conversion Price**”) applicable solely for the purpose of such exercise of Conversion Rights, shall be the Conversion Price in effect on the Conversion Date adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

Where:

NCP = the Change of Control Conversion Price;

OCP = the Conversion Price in effect on the relevant Conversion Date;

CP = 47.5 per cent. expressed as a fraction;

c = the number of days from and including the date on which the Change of Control has occurred; and

t = the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that if the Change of Control Conversion Price determined pursuant to this Condition 5.6 would (but for the operation of this proviso) otherwise be below the level permitted by applicable laws and regulations from time to time (if any), it shall instead be equal to such level as aforesaid.

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period or a Restricted Conversion Period, as the case may be, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period or the Restricted Conversion Period, as the case may be.

## 5.6 *Provisions Relating to Changes in Conversion Price*

*5.6.1 Minor Adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest one Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to the Bondholders in accordance with Condition 16 and to the Trustee and the Agents in writing, in each case promptly after the determination thereof.

5.6.2 *Decision and Determination of the Calculation Agent or an Independent Financial Advisor:*

- (a) Adjustments to the Conversion Price shall be determined and calculated by the Calculation Agent upon request from the Issuer and/or, to the extent so specified in the Conditions and upon request from the Issuer, by an Independent Advisor.

Adjustments to the Conversion Price calculated by the Calculation Agent or, where applicable, an Independent Advisor and any other determinations made by the Calculation Agent or, where applicable, an Independent Advisor, or an opinion of an Independent Advisor, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee, the Bondholders, the Calculation Agent (in the case of a determination by an Independent Advisor) and the Agents.

- (b) Subject as provided in the Calculation Agency Agreement, the Calculation Agent may consult, at the expense of the Issuer, on any matter (including, but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Trustee, the Bondholders or the Agents in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.
- (c) The Calculation Agent shall act solely upon the request from, and exclusively as agent of, the Issuer and in accordance with these Conditions. Neither the Calculation Agent (acting in such capacity) nor any Independent Advisor appointed in connection with the Bonds (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in its capacity as Calculation Agent as against the Trustee, the Bondholders or the Agents.
- (d) If, following consultation between the Issuer and the Calculation Agent, any doubt shall arise as to an adjustment to the Conversion Price under Condition 5.3 or Condition 5.6, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Calculation Agent, the Bondholders and the Trustee, save in the case of manifest error.

5.6.3 *Minimum Conversion Price:* Notwithstanding the provisions of this Condition 5, the Issuer undertakes that: (i) the Conversion Price shall not in any event be reduced to below the nominal or par value of the H Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable H Shares; and (ii) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

5.6.4 *Multiple Events:* Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.

5.6.5 *Upward/Downward Adjustment:* No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation, subdivision or re-classification of the H Shares as referred to in Condition 5.3.1 The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee in writing and to the Bondholders in accordance with Condition 16, reduce the Conversion Price, subject to Condition 5.7.3.

- 5.6.6 *Trustee Not Obligated to Monitor or Make Calculations:* Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation or determination (or verification thereof) in connection with the Conversion Price and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Financial Advisor in making any calculation or determination or any erroneous calculation or determination in connection with the Conversion Price.
- 5.6.7 *Employee Share Option Schemes:* No adjustment will be made to the Conversion Price when Ordinary Shares or other securities (including rights or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees (including directors) of the Issuer or any of its Subsidiaries pursuant to any employee share scheme or plan (and which employee share scheme or plan is in compliance with, if applicable, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the Stock Listing Rules of the Shenzhen Stock Exchange or, if relevant, the listing rules of the Alternative Stock Exchange) (“**Share Scheme Options**”) unless any such issue or grant of Share Scheme Options (which, but for this provision, would have required adjustment pursuant to Condition 5) would result in the total number of Ordinary Shares which may be issued upon exercise of all Share Scheme Options granted during the 12-month period up to and including the date of such issue or grant representing, in aggregate, more than 2 per cent. of the average of the issued and outstanding Ordinary Shares during such 12-month period. For the avoidance of doubt, any Ordinary Shares issued in excess thereof, and only such Ordinary Shares issued in excess thereof, shall be subject to adjustment to the Conversion Price and taken into account in determining such adjustment as set out in Condition 5.3.
- 5.6.8 *Consideration Receivable:* For the purpose of any calculation of the consideration receivable or price pursuant to Condition 5.3.4, Condition 5.3.6, Condition 5.3.7 and Condition 5.3.8, the following provisions shall apply:
- (i) the aggregate consideration receivable or price for Ordinary Shares of a class issued for cash shall be the amount of such cash;
  - (ii) (a) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the conversion, exercise or exchange of any options, warrants or other rights or securities (or following any modification thereof) shall be deemed to be the consideration received or receivable by the Issuer for any such options, warrants or other rights or securities (or following any modification thereof); (b) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the exercise of rights of subscription attached to any such securities (or following any modification thereof) shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the Issuer for such securities (or following any modification thereof) which is attributed by the Issuer to such rights of subscription or, if no part of such consideration is so attributed, to the Fair Market Value of such rights of subscription as at the relevant Determination Date, plus in the case of each of (a) and (b) above, the additional minimum consideration (if any) to be received by the Issuer on the conversion, exercise or exchange of such options, warrants or other rights or securities (or following any modification thereof), or on the exercise of such rights of subscription; and (c) the consideration per Ordinary Share of a class receivable by the Issuer on the conversion, exercise or exchange of, or on the exercise of such rights of subscription attached to, such options, warrants or other rights or securities (or following any modification thereof) shall be the aggregate consideration referred to in (a) or (b) above (as the case may be) divided by the number of Ordinary Shares of such class to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
  - (iii) if the consideration or price determined pursuant to (i) or (ii) above of this Condition 5.7.8 (or any component thereof) shall be expressed in a currency other than HK dollars, it shall be converted into HK dollars at the Prevailing Rate on the relevant Determination Date;

- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares of a class or securities or options, warrants or rights, or otherwise in connection therewith;
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity; and
- (vi) if as part of the same transaction, Ordinary Shares of a class shall be issued or issuable for a consideration receivable in more than one or in different currencies then the consideration receivable per Share shall be determined by dividing the aggregate consideration (determined as aforesaid and converted if and to the extent not in HK dollars, into HK dollars as aforesaid) by the aggregate number of Ordinary Shares so issued.

## 5.7 Definitions

For the purposes of these Conditions:

**“Alternative Stock Exchange”** means, at any time, in the case of the H Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which such H Shares are then listed or quoted or dealt in;

**“Applicable Date”** means, in the case of an adjustment to the Conversion Price pursuant to:

- (a) Condition 5.3.1, the date on which the relevant consolidation, subdivision or re-classification takes effect;
- (b) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of one or more classes of Ordinary Shares (including H Shares), (I) the relevant Ex-Date in respect thereof, if no such date is capable of being determined in accordance with (I), such other date as is determined to be appropriate by an Independent Financial Advisor;
- (c) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of any class of Ordinary Shares (other than H Shares), the date of first public announcement of the terms thereof; or
- (d) Condition 5.3.6, 5.3.7 or 5.3.8, the relevant Determination Date as is mentioned in Condition 5.3.6, 5.3.7 or 5.3.8, as the case may be.

**“Applicable RA Date”** means, in the case of an adjustment to the Conversion Price pursuant to:

- (e) Condition 5.3.1, the record date or other due date for the establishment of entitlement in respect of the relevant consolidation, subdivision or re-classification;
- (f) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of one or more classes of Ordinary Shares (including H Shares), (I) the record date or other due date for the establishment of entitlement in respect thereof or (II) if no such date is capable of being determined in accordance with (I), the date of first public announcement of such issue, distribution, grant or offer;
- (g) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of one or more classes of Ordinary Shares (other than H Shares), the date of first public announcement of such issue, distribution, grant or offer; or
- (h) Condition 5.3.6, 5.3.7 or 5.3.8, the relevant Determination Date as is mentioned in Condition 5.3.6, 5.3.7 or 5.3.8, as the case may be.

**“Cash Settlement Calculation Period”** means the period of 20 consecutive H Share Stock Exchange Business Days commencing on the second H Share Stock Exchange Business Day following the Cash Settlement Notice Date.

**“Closing Price”** means, in respect of an Ordinary Share of any class or any other asset, option, warrant or other right or other security, on any day, the official closing market price on the Relevant Stock Exchange in respect thereof published by or derived from Bloomberg page HP (or any successor ticker page) (setting ‘Official Closing Price’, or any other successor setting) in respect of such Ordinary Share, or other asset, option, warrant or other right or other security (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page is, as at the Issue Date, (i) for the H Shares, 3759 HK Equity HP and (ii) for the A Shares, 300759 CH Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Advisor on such day, provided that:

- (a) if on any such day (for the purpose of this definition, the **“Original Date”**) such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, or other asset, option, warrant or other right or other security, in respect of such day shall be the Closing Price, determined by the Calculation Agent as provided above, on the immediately preceding Trading Day in respect thereof on which the same can be so determined, provided however that if such immediately preceding Trading Day falls prior to the seventh day before the Original Date, the Closing Price shall be considered to be not capable of being determined pursuant to this proviso (a); and
- (b) if the Closing Price cannot be determined as aforesaid, the Closing Price shall be determined as at the Original Date by an Independent Financial Advisor in such manner as it shall determine to be appropriate;

**“Current Market Price”** means, in respect of an Ordinary Share of a class on a particular date, the average of the daily Closing Price on each of the 10 consecutive Trading Days ending on and including the Trading Day immediately preceding such date and (if necessary) translated into HK dollars at the Prevailing Rate as at the relevant date; provided that, if at any time during such 10 Trading Day period the Closing Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of that period the Closing Price shall have been based on a price cum-dividend (or cum-any other entitlement), then:

- (i) if the Ordinary Shares of such class to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class; or
- (ii) if the Ordinary Shares of such class to be issued or transferred and delivered rank for the dividend or entitlement in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class, and provided that, if on each of the said 10 Trading Days the Closing Price shall have been based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares of such class to be issued or transferred and delivered do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class;

**“Capital Distribution”** means, on a per Ordinary Share basis, (i) any distribution of assets *in specie* to the holders of such Ordinary Shares by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Ordinary Shares or other securities credited as fully or partly paid (other than an issue of Ordinary Shares in the circumstances set out in Condition 5.3.1, or Condition 5.3.2(i)) by way of capitalization of reserves, but excludes a Scrip Dividend adjusted for under Condition 5.3.2(ii)); and (ii) any cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind to the holders of such Ordinary Shares by the Issuer for any financial period (whenever paid and however described), and shall include a purchase or redemption of Ordinary Shares by or on behalf of the Issuer (except a purchase or redemption of Ordinary Shares by or on behalf of the Issuer (or a purchase of Ordinary Shares by or on behalf of a Subsidiary of the Issuer), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Ordinary Shares by more than five per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b) of this definition, the relevant day is not a Trading Day, the immediately preceding Trading Day) in an amount to be determined by an Independent Financial Advisor;

**“Cash Settlement Ratio”** means, in respect of an exercise of Conversion Rights in respect of which the Issuer has exercised the Cash Settlement Option, such number as is equal to (x) the Cash Settled H Shares in respect of such exercise of Conversion Rights divided by (y) the Reference H Shares in respect of such exercise of Conversion Rights.

**“Ex-Date”** means, in relation to any Capital Distribution, capitalisation, consolidation, reclassification, redesignation or subdivision, issue, grant, offer or other entitlement, in each case in respect of the H Shares, the first Trading Day for the H Shares on which the H Shares are traded ex-the relevant Capital Distribution, capitalisation, consolidation, reclassification, redesignation or subdivision, issue, grant, offer or other entitlement.

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date (for the purpose of this definition, the **“FMV Date”**):

- (a) (other than where paragraph (b), (c) or (d) below applies) in the case of any asset, security, option, warrant or other right, the fair market value thereof on such FMV Date as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate;
- (b) in the case of any cash Capital Distribution, the amount of such cash Capital Distribution, as determined by the Calculation Agent,
- (c) in the case of any other cash amount, the amount of such cash, as determined by the Calculation Agent;
- (d) in the case of any assets, options, warrants or other rights or other securities (including any class of Ordinary Shares) that are or will upon issuance be publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by an Independent Financial Advisor (or, if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent)), the arithmetic mean of the daily Closing Prices of such assets, options, warrants or other rights or securities during the period of five Trading Days for such assets, options, warrants or other rights or securities commencing on such FMV Date (or, if later, the date (for the purpose of this definition, the **“Adjusted FMV Date”**) which falls on the first such Trading Day such assets, options, warrants or other rights or securities are publicly traded, provided that where such Adjusted FMV Date falls after the seventh day following the FMV Date, the Fair Market Value of such assets, options, warrants or other rights or securities shall instead be determined pursuant to paragraph (a) above, and no such Adjusted FMV Date shall be deemed to apply),

and provided that such amounts, if not expressed in HK dollars shall be translated into HK dollars at the Prevailing Rate on such FMV Date (or, as the case may be, the Adjusted FMV Date), all as determined by the Calculation Agent. In addition, in the case of paragraphs (b) and (c) above, the Fair Market Value shall be determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

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

**“H Share Stock Exchange Business Day”** means any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) is open for the business of dealing in securities;

**“Independent Financial Advisor”** means an independent investment bank or licensed financial advisor or institution of international repute (acting as an expert) (which may include the Calculation Agent) selected and appointed at its own cost by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Financial Advisor and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it;

**“Physically Settled H Shares”** means, in respect of any exercise of Conversion Rights, (i) the Reference H Shares or (ii) if the Cash Settlement Option has been exercised in respect of such exercise of Conversion Rights, such number of H Shares (which may be equal to zero) as is equal to the Reference H Shares minus the Cash Settled H Shares.

**“Prevailing Rate”** means, in respect of any currency on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined, provided that in the case of any cash Capital Distribution in respect of the H Shares, the “Prevailing Rate” shall be deemed to be the average benchmark exchange rate between Renminbi and HK dollars, calculated in the manner as announced by the Issuer on the Hong Kong Stock Exchange from time to time, being as at the Issue Date the average of the medium rate of Renminbi to HK dollars as announced by the People’s Bank of China for five working days preceding (and including) the date on which such cash Capital Distribution are declared at the relevant annual general meeting;

**“Reference Date”** means, in respect of any Retroactive Adjustment, the date on which the relevant adjustment to the Conversion Price becomes effective under Condition 5.3 (notwithstanding, as the case may be, that the date upon which it becomes effective falls after the end of the Conversion Period).

**“Reference H Shares”** means, in respect of any exercise of Conversion Rights, the number of H Shares that would be deliverable by the Issuer in respect thereof in accordance with these Conditions (assuming for this purpose no exercise of the Cash Settlement Option and disregarding any Additional H Shares).

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

**“Relevant Page”** means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, such other Bloomberg page (as determined by the Calculation Agent) displaying the relevant information, or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider (as determined to be appropriate by an Independent Financial Advisor) that displays the relevant information;



**“Relevant Stock Exchange”** means:

- (a) in respect of the H Shares, the Hong Kong Stock Exchange (or any successor thereto) or, if at the relevant time the H Shares are not at that time listed and admitted to trading on the Hong Kong Stock Exchange, the Alternative Stock Exchange (if any);
- (b) in respect of the A Shares, the Shenzhen Stock Exchange (or any successor thereto) or, if at the relevant time the A Shares are not at that time listed and admitted to trading on the Shenzhen Stock Exchange, the principal stock exchange or securities market (if any) on which such A Shares are then listed and traded; and
- (c) in respect of any assets, options, warrants or other rights or other securities (other than the H Shares or the A Shares), the principal stock exchange or securities market (if any) on which such assets, options, warrants or other rights or other securities are then listed and traded,

where **“principal stock exchange or securities market”** shall mean the stock exchange or securities market on which the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities are listed and traded, provided that if the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities are listed and traded on more than one stock exchange or securities market at the relevant time, then **“principal stock exchange or securities market”** shall mean that stock exchange or securities market on which the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities are then listed and traded as determined by the Calculation Agent (if the Calculation Agent determines that it is able to make such determination) or (in any other case) by an Independent Financial Advisor by reference to the stock exchange or securities market with the highest average daily trading volume in respect of the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities.

**“Scrip Dividend”** means Ordinary Shares of any class issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Ordinary Shareholders concerned would or could otherwise have received;

**“Shenzhen Stock Exchange”** means The Shenzhen Stock Exchange;

**“Trading Day”** means in respect of an Ordinary Share of any class, or other asset, option, warrant or other right or other security, a day on which (i) the Relevant Stock Exchange in respect thereof is open for dealing business and (ii) the Closing Price in respect thereof is capable of being determined (disregarding for this purpose the provisos to the definition of “Closing Price”); and

**“Volume Weighted Average Price”** means, in respect of an Ordinary Share of any class or any other asset, option, warrant or other right or other security, on any day, the volume weighted average price on the Relevant Stock Exchange in respect thereof published by or derived from Bloomberg page HP (or any successor ticker page) (setting ‘Weighted Average Line’, or any other successor setting) in respect of such Ordinary Share, or other asset, option, warrant or other right or other security (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page is, as at the Issue Date, (i) for the H Shares, 3759 HK Equity HP and (ii) for the A Shares, 300759 CH Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Advisor on such day, provided that:

- (a) if on any such day (for the purpose of this definition, the **“Original Date”**) such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, or other asset, option, warrant or other right or other security, in respect of such day shall be the Volume Weighted Average Price, determined by the Calculation Agent as provided above, on the immediately preceding Trading Day in respect thereof on which the same can be so determined, provided however that if such immediately preceding Trading Day falls prior to the seventh day before the Original Date, the Volume Weighted Average Price shall be considered to be not capable of being determined pursuant to this proviso (a); and

- (b) if the Volume Weighted Average Price cannot be determined as aforesaid, the Volume Weighted Average Price shall be determined as at the Original Date by an Independent Financial Advisor in such manner as it shall determine to be appropriate.

References to any issue or offer or grant to Ordinary Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Ordinary Shareholders, other than Ordinary Shareholders by reason of the laws of any territory or requirements of any recognized regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

## **6. Payments**

### **6.1 Principal**

Payment of principal, premium and interest (if any) will be made by transfer to the registered account of the Bondholder except in the case of any amount payable by the Issuer pursuant to Condition 5, where any amounts payable to a Bondholder will be made by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the address of the Bondholder or by transfer to a U.S. dollar account maintained by the payee, in either case in accordance with instructions given by the relevant Bondholder in the Conversion Notice. Such payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

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.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

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

### **6.2 Registered Accounts**

For the purposes of this Condition 6, a Bondholder’s registered account means the U.S. 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 Payment Business Day (as defined in Condition 6.6) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

### **6.3 Fiscal Laws**

All payments 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 and (ii) any withholding or deduction required pursuant to an agreement described in Section 147 1(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

#### **6.4 Payment Initiation**

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

#### **6.5 Delay in Payment**

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

#### **6.6 Payment Business Day**

In this Condition 6, “**Payment Business Day**” means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in New York City and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

#### **6.7 Appointment of Agents**

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that the Issuer shall at all times maintain (i) a Principal Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Conversion Agent and (v) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Calculation Agent and appoint another Calculation Agent provided that the Issuer shall at all times maintain a Calculation Agent which shall be a financial institution of international repute or a financial adviser with appropriate expertise.

Notice of any changes in any Agent, their specified offices or the Calculation Agent will promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

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

#### **7.1 Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100 per cent. of its outstanding principal amount on June 18, 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 7.2 or Condition 7.3 below (but without prejudice to Condition 9).

#### **7.2 Redemption at the Option of the Issuer**

7.2.1 The Issuer may, having given not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem all but not some only of the Bonds for the time being outstanding at their principal amount as at the relevant redemption date:

- (i) at any time after June 18, 2024 but prior to the Maturity Date, provided that no such redemption may be made unless the Closing Price of an H Share translated into U.S. dollars at the Prevailing Rate applicable to each H Share Stock Exchange Business Day, for any

20 H Share Stock Exchange Business Days within a period of 30 consecutive H Share Stock Exchange Business Days, the last of such H Share Stock Exchange Business Day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was, for each such 20 H Share Stock Exchange Business Days, at least 130 per cent. of the Conversion Price then in effect on each such H Share Stock Exchange Business Day (converted into U.S. dollars at the Fixed Exchange Rate), the Conversion Price during any such 30 consecutive H Share Stock Exchange Business Day period, appropriate adjustments for the relevant days approved by an Independent Financial Advisor shall be made for the purpose of calculating the Closing Price of the H Shares for such days;

- (ii) if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15).

Upon the expiry of the Optional Redemption Notice, the Issuer will be bound to redeem the relevant Bonds for the time being outstanding at their principal amount as at the date fixed for such redemption.

- 7.2.2 The Trustee and the Agents shall have no obligation to confirm whether the circumstances giving rise to a right for the Issuer to redeem under this Condition 7.2 have in any case arisen.

### **7.3 Redemption for Taxation Reasons**

- 7.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at their principal amount as at the relevant redemption date (the "**Tax Redemption Date**"), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after June 8, 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 7.3.1, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer, each of whom are also Authorised Signatories of the Issuer, stating that the obligation referred to in (i) above of this Condition 7.3.1 cannot be avoided by the Issuer having taken reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognized standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective), and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders.

- 7.3.2 If the Issuer gives a notice of redemption pursuant to this Condition 7.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 8 shall not apply in respect of any payment of principal, or interest (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 8 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax. For the avoidance of doubt, any Additional Tax Amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the government of the PRC or Hong Kong or, in each case, any authority

thereof or therein having power to tax prior to June 8, 2021, will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m.) a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date. Such notice of election, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

#### **7.4 Redemption at the Option of the Bondholders**

The holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds on June 18, 2024 (the "**Put Option Date**") at 100 per cent. of their outstanding principal amount on the Put Option Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m.) a duly completed and signed notice (the "**Put Option Notice**"), substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

A Put Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of a Put Option Notice delivered as aforesaid on the Put Option Date.

#### **7.5 Redemption for Relevant Events**

7.5.1 Following the occurrence of a Relevant Event (as defined in Condition 7.5.5), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only such holder's Bonds on the Relevant Event Put Date (as defined below) at their principal amount as at the Relevant Event Put Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m.) a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Relevant Event Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 7.5.1.

7.5.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid (subject to delivery of the relevant Certificates) on the Relevant Event Put Date.

7.5.3 None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not be liable to Bondholders or any other person for not doing so.

7.5.4 Not later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 16) and to the Trustee and the Principal Agent in writing stating:

- (i) the Relevant Event Put Date;
- (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event;

- (iii) the date by which the Relevant Event Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) briefly, the Conversion Right and the Conversion Price as at the last practicable date immediately prior to the date on which such notice is given (and, if the Relevant Event is a Change of Control, (i) the Change of Control Conversion Price, determined for the purpose of such notice, on the basis of such Conversion Price as at such last practicable date as aforesaid, and (ii) the Change of Control Conversion Period);
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their rights under this Condition 7.5 or their Conversion Right; and
- (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn without the Issuer's consent.

7.5.5 For the purposes of this Condition 7.5:

**"Affiliated Holders"** means, with respect to any specified natural person, any company, partnership, trust, foundation or other entity or investment vehicle for which such specified natural person retains sole voting and dispositive power with respect to the Ordinary Shares, as applicable, held by such company, partnership, trust, foundation or other entity or investment vehicle, and the trustees, legal representatives, beneficiaries and/or beneficial owners, but solely in such capacity, of such company, partnership, trust, foundation or other entity or investment vehicle;

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

- (a) the Founding Individuals, collectively, together with any voting rights controlled directly or indirectly by the Founding Individuals, including through any voting proxy arrangement and/or acting-in-concert agreement, ceases to be the single largest holder of voting rights in the Issuer;
- (b) other than Founding Individuals, any person or persons, acting together, acquires control of the Issuer if such person or persons does not or do not have, and would not be deemed to have, control of the Issuer on the Issue Date;
- (c) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person, unless the consolidation, merger, sale or transfer will not result in an event specified in (b) above with respect to the Issuer or the successor entity; or
- (d) one or more other persons acquires the legal or beneficial ownership of all or substantially all of the Issuer's registered share capital;

**"control"** means the acquisition or control of more than 50 per cent. of the voting rights of the registered share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer'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;

a **"Delisting"** occurs when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange;

“**Founding Individuals**” means (a) Dr. LOU Boliang (樓柏良), Mr. LOU Xiaoqiang (樓小強) and Ms ZHENG Bei (鄭北) and (b) each of the respective Affiliated Holders referred to in this Condition 7.5.5;

a “**H Share Suspension in Trading**” means the suspension in trading of the H Shares for a period of 20 consecutive H Share Stock Exchange Business Days;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries;

a “**Relevant Event**” means the occurrence of either (a) a Change of Control in the Issuer; (b) a Delisting or (c) a H Share Suspension in Trading; and

“**voting rights**” means the right generally to vote at general meetings of shareholders of the Issuer (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).

## **7.6 Purchases**

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so acquired, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle them to convert the Bonds in accordance with these Conditions nor shall such Bonds be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders and exercising any voting rights with respect to such Bonds and Conditions 9 and 13.

## **7.7 Cancellation**

All Bonds which are repurchased, redeemed or converted or purchased by or on behalf of the Issuer 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.

## **7.8 Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 7 will be irrevocable and will be given in accordance with Condition 16 specifying: (i) the Conversion Price as at the date of the relevant notice; (ii) the last day on which Conversion Rights may be exercised; (iii) the Closing Price of the H Shares as at the latest practicable date prior to the publication of the notice, (iv) the date fixed for redemption; (v) the manner in which redemption will be effected; and (vi) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to these Conditions), the first in time shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable on redemption of the Bonds pursuant to this Condition 7 and none of them shall be liable to the Bondholders or any other person for not doing so.

## 8. Taxation

8.1 All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any restriction or condition and will 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, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on June 8, 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any Hong Kong deduction or withholding is required, in such event the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

8.1.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC or Hong Kong, as the case may be, otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or

8.1.2 (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 amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

8.2 “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Trustee or the Principal 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.

8.3 References in these Conditions to principal and interest (if any) shall be deemed also to refer to any additional amounts or premiums which may be payable under these Conditions or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8.4 Neither the Trustee nor any Agent shall 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 none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.



## 9. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5) if any of the following events (each an “**Event of Default**”) has occurred:

- 9.1 the Issuer fails to pay the principal and premium (if any) on any of the Bonds when due; or
- 9.2 failure by the Issuer to deliver the H Shares or pay the Cash Settlement Amount in U.S. dollars in respect of such H Shares as and when such H Shares are required to be delivered or as and when such Cash Settlement Amount in U.S. dollars is required to be paid, as the case may be, following conversion of a Bond; or
- 9.3 the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- 9.4 the Issuer or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Principal Subsidiary; or
- 9.5 (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future indebtedness in respect of moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.5 have occurred equals or exceeds U.S.\$25,000,000 or its equivalent in other currency or currencies (as determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which such indebtedness become due and payable or is not paid or any such amount become due and payable or is not paid under any such guarantee or indemnity); or
- 9.6 a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- 9.7 an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any Principal Subsidiary, or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or any material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Principal Subsidiary; or

- 9.8** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries on any material part of their respective property, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or
- 9.9** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- 9.10** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of the PRC or Hong Kong is not taken, fulfilled or done; or
- 9.11** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any Principal Subsidiary; or
- 9.12** the Trust Deed or any of the Bonds ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms (subject to equitable principles and insolvency laws affecting creditors' rights generally); or
- 9.13** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9.6 to 9.8 (both inclusive) or Condition 9.10 or Condition 9.11.

The Trustee and the Agents shall not be bound to take any steps to ascertain whether any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or fulfillment of any other conditions and/or the making of any determination would constitute an Event of Default has happened and none of them shall be responsible or liable to Bondholders or any other person for not doing so.

**9.14** For purposes of this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement is at least 5 percent of the consolidated total revenue as shown by the latest published audited income statement of the Issuer and its consolidated Subsidiaries; or
- (ii) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement is at least 5 percent of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries, including for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) 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 5 percent of the consolidated net assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries, including the investment of the Issuer and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associated companies and after adjustment for minority interests;

- (iv) 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 Issuer 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 (i), (ii) or (iii) above;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (a) 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 Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer 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 Issuer 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;
- (b) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, total revenue, gross profit or net assets of the Issuer 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 Issuer;
- (c) if at any relevant time in relation to any Subsidiary, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Issuer; and
- (d) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer;

A certificate signed by an Authorised Signatory of the Issuer stating that, in their 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.

## **10. Prescription**

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of default interest, if any) from the Relevant Date in respect thereof.

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

### ***11.1 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. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and if it is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. 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 principal amount of the Bonds for the time being outstanding or, at any adjournment of 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 modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal or Equivalent Amount in respect of the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify or cancel the Conversion Rights or the put options specified in Condition 7 or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, 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 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.

### ***11.2 Modification and Waiver***

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 11.1 above and the Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, 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 modification, waiver or authorisation will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

### ***11.3 Interests of Bondholders***

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

## **12. 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 Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and such indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

### **13. Enforcement**

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

### **14. Indemnification of the Trustee**

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

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

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 exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

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

## **15. Further Issues**

The Issuer 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 issue date and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds shall be constituted by a deed supplemental to the Trust Deed.

## **16. Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders 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) and, so long as the Bonds are listed on the Hong Kong Stock Exchange and the rules of that stock exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be the South China Morning Post). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be. A copy of all such notices to Bondholders (or a Bondholder) or the Trustee pursuant to these Conditions shall be given simultaneously to the Calculation Agent.

*As long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such delivery shall be deemed to be valid for all purposes of these Conditions.*

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

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this is without prejudice to the rights of Bondholders as contemplated in Condition 13.

## **18. Governing Law and Jurisdiction**

### ***18.1 Governing Law***

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

### ***18.2 Jurisdiction***

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds and/or the Trust Deed (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

### ***18.3 Waiver of Immunity***

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defense, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## TERMS AND CONDITIONS OF THE SERIES 2 BONDS

*The following, subject to completion and amendment and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of RMB1,916,000,000 in aggregate principal amount of U.S. Dollar settled zero coupon convertible bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Pharmaron Beijing Co., Ltd. (the “**Issuer**”) and the right of conversion into H Shares (as defined in Condition 5.1.5) of the Issuer were authorised by the general mandate granted to the board of directors of the Issuer by the shareholders of the Issuer at the annual general meeting of the Issuer held on 28 May 2021 and resolutions of the board of directors of the Issuer passed on 4 June 2021. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) to be dated on or about June 18, 2021 (the “**Issue Date**”) and made between the Issuer and Citicorp International Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. The Issuer has entered into a paying, conversion and transfer agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) to be dated on or about June 18, 2021 with the Trustee, Citibank, N.A., London Branch as principal paying agent, principal conversion agent and principal transfer agent (collectively in such capacities, the “**Principal Agent**”) and as registrar (the “**Registrar**”) and the other paying agents, transfer agents and conversion agents appointed under it (each a “**Paying Agent**”, a “**Transfer Agent**” or a “**Conversion Agent**” (as applicable) and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. For the avoidance of doubt, references to the “Paying Agents”, the “Transfer Agents” or, as the case may be, the “Conversion Agents” each include the Principal Agent. References to the “Principal Agent”, the “Registrar” and the “Agents” below are references to the principal agent, the registrar and the agents for the time being for the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement. Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. The Issuer has also entered into a calculation agency agreement (the “**Calculation Agency Agreement**”) to be dated on or about June 18, 2021 with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor as calculation agent under the Calculation Agency Agreement) whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds. The Bondholders are deemed to have notice of those provisions applicable to them which are contained in the Calculation Agency Agreement. Copies of the Trust Deed, the Agency Agreement and of the Calculation Agency Agreement are available for inspection reasonable times during usual business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Principal Agent, being at the date of the Trust Deed at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong following prior written request and proof of holding and identity satisfactory to the Principal Agent. The Bondholders (as defined in Condition 1.3) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement and Calculation Agency Agreement applicable to them.

All capitalised terms that are not defined in the Conditions will have the meanings given to them in the Trust Deed.

### 1. Status; Form, Denomination and Title

#### 1.1 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1) 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 3.1, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

## **1.2 Form and Denomination**

The Bonds are issued in registered form in the specified denomination of RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof (an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

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

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

## **1.3 Title**

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “Bondholder” and (in relation to a Bond) “holder” means the person in whose name a Bond is registered.

## **2. Registration and Transfers of Bonds; Issue of Certificates**

### **2.1 Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement a register 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, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### **2.2 Transfers**

Subject to Conditions 2.5 and 2.6 and the terms of the Agency Agreement, a Bond may be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or of any of the Transfer Agents. No transfer of a Bond will be valid or effective unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person.

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



### 2.3 *Delivery of New Certificates*

2.3.1 Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any 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 Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Registrar and each Transfer Agent.

*Except in the limited circumstances described herein, the Bonds will only be issued to the Bondholders in book-entry form and owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

2.3.2 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, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

2.3.3 For the purposes of this Condition 2.3, "**business day**" shall mean a day other than a Saturday or Sunday 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 conversion) or the Transfer Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

### 2.4 *Formalities Free of Charge*

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such regulations as the Issuer may from time to time agree with the Registrar with the prior written approval of the Trustee or as the Registrar may promulgate with the prior written approval of the Trustee (and as initially set out in the Agency Agreement).

### 2.5 *Restricted Transfer 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 pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 5.2.1) has been delivered with respect to such Bond; (iii) after a Put Option Notice (as defined in Condition 7.4) has been deposited in respect of such Bond or (iv) after a Relevant Event Put Exercise Notice (as defined in Condition 7.5) has been deposited in respect of such Bond, each such period being a "**Restricted Transfer Period**".

### 2.6 *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 Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available (free of charge to the Bondholder and at the Issuer's expense) by the Registrar to any Bondholder following written request and satisfactory proof of holding and identity and is available for inspection following written request and proof of holding and identity satisfactory to the Registrar at all reasonable times during normal business hours at the specified office of the Registrar.

### 3. Covenants

#### 3.1 *Negative Pledge*

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and the Issuer will procure that no Subsidiary (as defined below) will create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, to secure any Investment Securities (as defined below) or to secure any guarantee of or indemnity in respect of any Investment Securities unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

#### 3.2 *Undertakings Relating to Foreign Debt Registration*

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 as amended from time to time and the Circular of the People's Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross-Border Financing Circular**”) (the “**Foreign Debt Registration**”), (ii) use its best endeavors to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to the Foreign Debt Registration, the Cross-Border Financing Circular and any implementing measures promulgated thereunder from time to time.

#### 3.3 *Notification to NDRC*

The Issuer undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and effective as of 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

#### 3.4 *Notification of Submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration*

The Issuer shall on or before the Registration Deadline and within 10 Registration Business Days after the later of (i) submission of the NDRC Post-issue Filing and (ii) receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), provide the Trustee with (a) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration; and (b) copies of the relevant documents evidencing the NDRC Post-issue Filing and the Foreign Debt Registration, each certified in English as a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (a) and (b) together, the “**Registration Documents**”). In addition, the Issuer shall, within 10 Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration.

The Trustee shall have no obligation or duty to monitor or assist with or ensure the NDRC Post-Issue Filing is submitted or the Foreign Debt Registration is submitted or completed within the timeframe specified in Condition 3.2 and Condition 3.3, respectively, 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/or the Foreign Debt Registration and/or the Registration Documents or to translate or procure the translation into English of the documents in relation to or in connection with the NDRC Post-issue Filing or the Foreign Debt Registration or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

### 3.5 *Definitions*

For the purposes of these Conditions:

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Investment Securities**” means any present or future indebtedness incurred outside the PRC in the form of, or represented by, bonds, debentures, notes, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other investment securities which represent indebtedness and are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market;

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

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

“**PRC**” means the People’s Republic of China, which, for the purpose of these Conditions only, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

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

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

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local branch; and

“**Subsidiary**” or “**subsidiary**” means (i) in relation to any person, any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the registered share capital or issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of Hong Kong or the PRC, or in accordance with generally accepted accounting principles applicable in the PRC from time to time, should have its accounts consolidated with those of that person.

#### 4. Interest

The Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal and premium (if any) is improperly withheld or refused. In such event, such unpaid amount shall bear interest at the rate of 2 per cent. per annum over the yield to maturity (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (b) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it 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.

#### 5. Conversion

##### 5.1 Conversion Right

*5.1.1 Conversion Right and Conversion Period:* Subject as hereinafter provided and in accordance with the provisions of the Trust Deed, Bondholders have the right to convert their Bonds into H Shares credited as fully paid at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into H Shares is called the “**Conversion Right**”. The number of H Shares to be issued on conversion of a Bond will be determined by the Calculation Agent by dividing the principal amount of the Bond to be converted (translated into HK dollars at the fixed rate of RMB1.00 – HK\$1.2143) (the “**Fixed Exchange Rate**”) by the Conversion Price (as defined in Condition 5.1.3) in effect on the Conversion Date (as defined in Condition 5.2.1). A Conversion Right may only be exercised in respect of an Authorised Denomination for one or more Bonds. If more than one Bond held by the same holder is converted at any one time pursuant to any one Conversion Notice, the number of H Shares to be issued upon such conversion will be calculated on the basis of the aggregate RMB principal amount of the Bonds to be converted.

Subject to and upon compliance with these Conditions (including without limitation Condition 5.1.4), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined in Condition 7.1) (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (both days inclusive and at the place aforesaid) prior to the date fixed for redemption thereof; provided that no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 or Condition 7.5 or during a Restricted Conversion Period (both dates inclusive) (as defined below); provided further that the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as hereafter provided in these Conditions (the “**Conversion Period**”).

A Conversion Right may not be exercised in relation to any Bond during any period:

- (i) commencing, for an annual shareholder general meeting of the Issuer, on the date falling 20 days prior to that meeting and ending on the date of that meeting, or, for an extraordinary shareholder general meeting of the Issuer, on the date falling 15 days prior to that meeting and ending on the date of that meeting;
- (ii) commencing the date falling five working days prior to the record date set by the Issuer for the purpose of distribution of any dividend and ending on such record date; or
- (iii) commencing on such date and for such period as determined by applicable law from time to time that the Issuer is required to close its register,

(each of the periods set out in (i), (ii) and (iii) above, subject as provided in the following paragraph, a “**Restricted Conversion Period**”).

The Issuer will give notice of any such Restricted Conversion Period to the Bondholders (in accordance with Condition 16) and the Trustee and Agents not less than five working days prior to the commencement of any such Restricted Conversion Period, failing which the relevant Restricted Conversion Period shall not apply.

For the purpose of this Condition 5.1.1, “working day” means a day other than a Saturday, Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.

*5.1.2 Fractions of H Shares:* Fractions of H Shares will not be issued on conversion and no cash payments or other adjustments will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised pursuant to any one Conversion Notice, the number of such H Shares to be issued in respect thereof shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of H Shares.

Notwithstanding the foregoing, in the event of a consolidation or re-classification of H Shares by operation of law or otherwise occurring after June 8, 2021 which reduces the number of H Shares outstanding, the Issuer will upon conversion of Bonds, in respect of which the Registration Date falls after the record date or other due date for the establishment of entitlement for such consolidation or re-classification, pay a sum (but only if such sum exceeds U.S.\$100.00) in cash in U.S. dollars (by means of a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars or by transfer to a U.S. dollar account maintained by the payee) in either case in accordance with instructions given by the relevant Bondholder in the Conversion Notice, and no later than five Payment Business Days following the Conversion Date (or, in the case of Additional H Shares, the Reference Date) equal to the product of (i) the fraction of any H Share not delivered pursuant to the above paragraph and (ii) the Volume Weighted Average Price of an H Share converted if necessary into U.S. dollars at the Prevailing Rate on the relevant Conversion Date, as determined by the Calculation Agent.

*5.1.3 Conversion Price:* The price at which H Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$229.50 per H Share but will be subject to adjustment in the manner provided in Condition 5.3, subject as provided in Condition 5.6.

*5.1.4 Revival and/or survival after Default:* Notwithstanding the provisions of Condition 5.1.1, if (i) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (ii) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 9 or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 7.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 16 and, notwithstanding the provisions of Condition 5.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

5.1.5 *Meaning of H Shares, A Shares, Ordinary Shares:* As used in these Conditions, the expression (i) “**H Shares**” means ordinary foreign shares with a par value of RMB1.00 each issued by the Issuer which are traded in HK dollars on the Hong Kong Stock Exchange (ISIN: CNE100003PG4); (ii) “**A Shares**” means ordinary domestic shares of RMB1.00 each issued by the Issuer which are traded in Renminbi on the Shenzhen Stock Exchange; and (iii) “**Ordinary Shares**” means the H Shares, the A Shares and any fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Issuer authorised after the date of the issue of the Bonds which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

### ***Conversion Procedure***

5.1.6 *Conversion Notice:* Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during its usual business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday on which commercial banks are open for business in the city of the specified office of the Conversion Agent) accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current and being substantially in the form scheduled to the Agency Agreement) obtainable from any Conversion Agent, together with (i) the relevant Certificate; and (ii) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the PRC, Hong Kong or any jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

*Holders of beneficial interests in the Global Certificate may exercise Conversion Rights through the holder of the Global Certificate in accordance with the rules of the applicable clearing system.*

If such delivery is made after 3.00 p.m. on any business day or on a day which is not a business day, in each case in the place of the specified office of the Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such day. If such delivery is made during a Restricted Conversion Period, such delivery shall be deemed for all purposes of these Conditions to have been made on the business day following (in the place of the specified office of the Conversion Agent) the last day of such Restricted Conversion Period unless such date shall fall outside the Conversion Period.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Agents and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be deemed to be the H Share Stock Exchange Business Day (as defined in Condition 5.8) immediately following the date on which delivery of the Certificate in respect of such Bond and such Conversion Notice (and, if applicable, any such certificate) is made (or deemed to be made) as provided above is so made or given).

5.1.7 *Stamp Duty etc.:* A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities or party any taxes and duties, including capital, stamp, issue, excise, transfer, registration and other similar taxes and duties and transfer costs (“**Duties**”) in any applicable jurisdiction arising on conversion (other than any Duties payable in the PRC or Hong Kong or, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of H Shares and listing of the H Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) on conversion, such Duties being the “**Issuer Duties**”) (such Duties and Issuer Duties are collectively known as “**Taxes**”). The Issuer will pay all other expenses arising from the issue of H Shares on conversion of the Bonds and all charges (together, the “**Conversion Expenses**”) of the Agents and the share transfer agent for the H Shares (the “**Share Transfer Agent**”). The Bondholder (and, if different, the person to whom the H Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities or party in settlement of Duties (other than the Issuer Duties) payable pursuant to this Condition 5.2.2 have been paid.

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

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

Neither the Trustee nor the Agents shall be responsible for determining whether such Taxes or Conversion Expenses are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay any such amount.

5.1.8 *Delivery of H Shares Upon Conversion, Registration, Retroactive Adjustments:*

- (i) As soon as practicable, and in any event not later than seven H Share Stock Exchange Business Days (excluding any H Share Stock Exchange Business Day that falls within a Restricted Conversion Period) after the relevant Conversion Date (or, in the case of Additional H Shares, the relevant Reference Date), the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and certification and amounts payable by the relevant Bondholder deposited or paid as required by Conditions 5.2.1 and 5.2.2, register the person designated for the purpose in the Conversion Notice as holder of the relevant number of H Shares in the Issuer’s H share register and will, if such Bondholder has so requested in such Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (“**CCASS**”) effective from time to time, take all action reasonably necessary to enable the H Shares to be delivered through CCASS for so long as the H Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer’s share registrar in Hong Kong (being, at the time of issue of the Bonds, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (ii) The delivery of the H Shares to the converting Bondholder (or such person designated in the relevant Conversion Notice) in the manner contemplated in Condition 5.2.3(i) will be deemed to satisfy the Issuer’s obligation to pay any amounts under such converted Bonds. The person designated in the Conversion Notice will become the holder of record of the number of H Shares issuable upon conversion with effect from the date he is registered as such in the Issuer’s register of members for H shares (the “**Registration Date**”, or, in the case of Additional H Shares, the “**Additional Registration Date**”, in each case in respect of such exercise of Conversion Rights). The H Shares issued upon exercise of the Conversion Rights will be fully paid up and will in all respects rank *pari passu* with, and within the same class as, the H Shares in issue on the relevant Registration Date (or, in the case of Additional H Shares, the Additional Registration Date) except for any right excluded by mandatory provisions of applicable law. Save as set out in these Conditions, a holder of H Shares issued on exercise of the Conversion Rights shall not be entitled to any rights, distributions or other payments the record date or due date for the establishment of entitlement for which precedes the relevant Registration Date (or, in the case of Additional H Shares, the Additional Registration Date).
- (iii) If (A) the Registration Date in relation to any exercise of Conversion Rights shall be after the Applicable RA Date in respect of any adjustment to the Conversion Price pursuant to Condition 5.3 and (B) the Conversion Date in relation to such exercise shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a “**Retroactive Adjustment**”), upon the relevant adjustment to the Conversion Price becoming effective under the relevant Condition the Issuer shall procure the issue to the converting Bondholder (in accordance with the instructions contained in the Conversion Notice (subject to any applicable laws or regulations)), such additional number of H Shares (“**Additional H Shares**”) as, together with the Reference H Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Reference H Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price under the relevant Condition had been effective on the relevant Conversion Date (such number of Reference H Shares as aforesaid being for this purpose calculated as the Reference H Shares in respect of such exercise of Conversion Rights determined for this purpose by reference to such deemed Conversion Price as aforesaid).

## 5.2 Adjustments to Conversion Price

Upon the occurrence of any of the events described below, the Conversion Price shall be adjusted as follows:

5.2.1 *Consolidation, Subdivision or Re-classification*: If and whenever there shall be an alteration to the nominal value of the H Shares as a result of consolidation, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

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

Where:

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

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

Such adjustment shall become effective on the date that such consolidation, subdivision or re-classification takes effect.



### 5.2.2 Capitalisation of Profits or Reserves:

- (i) If and whenever the Issuer shall issue Ordinary Shares of any class credited as fully paid to the holders of such Ordinary Shares (“**Ordinary Shareholders**”) by way of capitalisation of profits or reserves, including Ordinary Shares of such class paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

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

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

Where (i) such issue is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue in respect of the H Shares, such date shall be deemed to be the record date in respect of such offer for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

- (ii) In the case of an issue of Ordinary Shares of any class by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of Ordinary Shares (for the purpose of this Condition 5.3.2(ii), the “**Determination Date**”) multiplied by the number of Scrip Dividend issued exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Scrip Dividend by the following fraction:

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

Where:

A is the aggregate nominal amount of the issued Ordinary Shares of all classes immediately before the Determination Date;

B is the aggregate nominal amount of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such aggregate Current Market Price of the Scrip Dividend issued in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate nominal amount of such Scrip Dividend,

or (at the Issuer's sole discretion, following consultation with the Calculation Agent) by making such other adjustment to the Conversion Price as determined to be appropriate by an Independent Financial Advisor.

Where (i) such issue is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue in respect of the H Shares, such date shall be deemed to be the record date in respect of such offer for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.3 *Capital Distributions*: If and whenever the Issuer shall pay or make any Capital Distribution to the Ordinary Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 5.3.2 above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

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

Where:

A is the sum of the products of, in respect of each of the classes of Ordinary Shares in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class in issue on the Determination Date and (ii) the Current Market Price per Ordinary Share of such class on the date on which the Capital Distribution is first publicly announced (for the purpose of this Condition 5.3.3, the "**Determination Date**"); and

B is the aggregate Fair Market Value of the aggregate Capital Distribution in respect of each such class of Ordinary Shares.

Where (i) such Capital Distribution is paid or made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such Capital Distribution in respect of the H Shares, such date shall be deemed to be the record date in respect of such Capital Distribution for the purpose of these Conditions.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or, if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "**Fair Market Value**" (as defined in Condition 5.8)) be determined as at the Determination Date. In making any calculation pursuant to this Condition 5.3.3, such adjustments (if any) shall be made as an Independent Financial Advisor (or, if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent) may consider appropriate to reflect (i) any consolidation or subdivision of the Ordinary Shares, (ii) issues of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event or (iii) the modification of any rights to dividends of Ordinary Shares.

5.2.4 *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer shall issue Ordinary Shares of one or more classes to all or substantially all Ordinary Shareholders of such classes by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such classes by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such classes, in each case at a consideration less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of the issues or grants (for the purpose of this Condition 5.3.4, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues or grants by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price;
- C<sub>1</sub> is the aggregate number of Ordinary Shares of one class to be issued or, as the case may be, the maximum number of Ordinary Shares of such class which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights in respect thereof at the initial subscription, purchase or acquisition price or rate; and
- C<sub>2</sub> where applicable, is the aggregate number of Ordinary Shares of a second class issued or, as the case may be, the maximum number of Ordinary Shares of such class which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights in respect thereof at the initial subscription, purchase or acquisition price or rate.

Where (i) such issue or grant is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue or grant in respect of the H Shares, such date shall be deemed to be the record date in respect of such issue or grant for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or, where if a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.5 *Rights Issues of Other Securities:* In respect of each class of Ordinary Shares, if and whenever the Issuer shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares) to all or substantially all Ordinary Shareholders of such class by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

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

Where:

- A is the sum of the products of, in respect of each of the classes of Ordinary Shares classes in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class and (ii) the Current Market Price per Ordinary Share of such class on the date on which the terms of such issue or grant are first publicly announced (for the purpose of this Condition 5.3.5, the “**Determination Date**”); and
- B is the aggregate Fair Market Value of the aggregate securities, rights, options or warrants (as the case may be) attributable to the Ordinary Shares in respect of each such class of Ordinary Shares.

Where (i) such issue or grant is made in respect of more than one class of Ordinary Shares, (ii) any such class of Ordinary Shares is the H Shares class, and (iii) there is a record date or other due date for the establishment of entitlement for such issue or grant in respect of the H Shares, such date shall be deemed to be the record date in respect of such issue or grant for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is fixed therefor, immediately after such record date (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value” (as defined in Condition 5.8)) be determined as at the Determination Date.

5.2.6 *Issues at Less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 5.3.4 above) wholly for cash or for no consideration any Ordinary Shares of one or more classes (other than H Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 5.3.4 above) wholly for cash or for no consideration options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares of one or more classes, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of such issues (for the purpose of this Condition 5.3.6, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at such Current Market Price;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at such Current Market Price;
- C<sub>1</sub> is the aggregate number of Ordinary Shares of one class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate; and
- C<sub>2</sub> where applicable, is the aggregate number of Ordinary Shares of a second class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate.

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

Where (i) such issue comprises more than one class of Ordinary Shares (or, options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares of more than one class) and (ii) any such class of Ordinary Shares is the H Shares class, the date of issue of such Ordinary Shares (or, as the case may be, the date of issue or grant of such options, warrants or other rights) shall be deemed to be the date of issue of the H Shares (or, as the case may be, the date of issue or grant of the options, warrants or other rights to subscribe for, purchase or otherwise acquire H Shares) for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or other rights (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.7 *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 5.3.7, if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 5.3.4, Condition 5.3.5 or Condition 5.3.6), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities wholly for cash or for no consideration (other than the Bonds, which shall be deemed to exclude any further bonds issued pursuant to Condition 15) which by their terms of issues carry rights of conversion into, or exchange or subscription for, Ordinary Shares of one or more classes to be issued by the Issuer upon conversion, exchange or subscription, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of issues of such securities (for the purpose of this Condition 5.3.7, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the Determination Date;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Issuer for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Issuer for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price;
- C<sub>1</sub> is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate; and
- C<sub>2</sub> where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Where (i) such issue comprises securities which by their terms of issues carry rights of conversion into, or exchange or subscription for, more than one class of Ordinary Shares and (ii) any such class of Ordinary Shares is the H Shares class, the date of issue of the securities which by their terms of issues carry rights of conversion into, or exchange or subscription for, H Shares shall be deemed to be the date of issue of all such securities for the purpose of these Conditions.

Such adjustment shall become effective on the date of issue of such securities (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

- 5.2.8 *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities (other than the Bonds) as are mentioned in Condition 5.3.7 (other than in accordance with the terms of such securities) so that the consideration per Ordinary Share of one or more classes (for the number of Ordinary Shares of such classes available on conversion, exchange, subscription, purchase or acquisition following the modification) is reduced and, in each case, is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the proposals for such modifications (for the purpose of this Condition 5.3.8, the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modifications by the following fraction:

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

Where:

- A is the sum of the products of, in respect of each of the classes of Ordinary Shares in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class in issue on the Determination Date and (ii) the Current Market Price per Ordinary Share of such class on the Determination Date; and

B is the difference between (i) the aggregate Fair Market Value of the securities subject to such modification determined as if the modification had occurred less the aggregate Fair Market Value of the securities subject to such modification determined as if the modification had not occurred, and (ii) the aggregate consideration receivable for such modification.

Where (i) such modification is in respect of securities which by their terms of issues carry rights of conversion into, or exchange or subscription for, more than one class of Ordinary Shares and (ii) any such class of Ordinary Shares is the H Shares class, the date of modification of rights of conversion into, or exchange or subscription for H Shares shall be deemed to be the date of modification of all rights of conversion into, or exchange or subscription for Ordinary Shares for the purpose of these Conditions.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities (or, if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

5.2.9 *Other Offers to Ordinary Shareholders:* In respect of each class of Ordinary Shares, if and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Ordinary Shareholders of such class generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 5.3.4, Condition 5.3.5, Condition 5.3.6 or Condition 5.3.7 (or, where applicable, would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per H Share on the relevant Determination Date)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

A is the sum of the products of, in respect of each of the classes of Ordinary Shares in issue immediately prior to the Determination Date, (i) the number of Ordinary Shares of such class in issue and (ii) the Current Market Price per Ordinary Share of such class on the date on which the terms of such issue, sale or distribution of securities are first publicly announced (for the purpose of this Condition 5.3.9, the “**Determination Date**”); and

B is the aggregate Fair Market Value of the portion of the aggregate rights attributable to the Ordinary Shares in respect of each such class of Ordinary Shares.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities or, if a record date is fixed therefor, immediately after such record date (or if later, the first date on which the fraction above is capable of being determined in accordance with these Conditions).

For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value” (as defined in Condition 5.8)) be determined as at the Determination Date.

5.2.10 *Other Events*: If the Issuer determines, in its sole discretion following consultation with the Calculation Agent, that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 5.3, the Issuer shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination.

5.2.11 *Further Classes of Ordinary Shares*: In the event that the Issuer has more than two classes of Ordinary Shares outstanding at any time, the formulae set out in this Condition 5.3 shall be restated to take into account such further classes of Ordinary Shares so that “ $B_1 + B_2$ ” and “ $C_1 + C_2$ ” shall become “ $B_1 + B_2 + B_3$ ” and “ $C_1 + C_2 + C_3$ ” and “ $B_3$ ” and “ $C_3$ ” shall have the same meaning as “ $B_1$ ” and “ $C_1$ ”, respectively, but by reference to a third class of Ordinary Shares and so on.

5.2.12 *Modifications*: Where the events or circumstances giving rise to any adjustment pursuant to this Condition 5.3 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 5.3 as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result.

### 5.3 *Undertakings*

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

- (i) it will use its all reasonable endeavors (a) to maintain a listing for the H Shares on the Hong Kong Stock Exchange, (b) to obtain and maintain a listing for all the H Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange and (c) if the Issuer is unable to obtain or maintain such listing, to obtain and maintain a listing for all the issued H Shares on such Alternative Stock Exchange as the Issuer may from time to time determine, and will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the H Shares (as a class) by any such stock exchange;
- (ii) it will pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, H Shares arising on conversion of the Bonds (save for the Duties to be borne by any Bondholder as described in Condition 5.2.2);
- (iii) it will not make any reduction of its registered share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law (including but not limited to repurchase or cancellation of its shares (i) pursuant to any share incentive or share option schemes of the Issuer; (ii) as a result of its shareholders’ dissent to the Issuer’s merger or segregation in a shareholders’ meeting and request the Issuer to repurchase its shares; (iii) for the protection of the interests of the Issuer’s shareholders; and (iv) as permitted by laws and regulations and the Issuer’s articles of association) provided that the reduction results in an adjustment to the Conversion Price then in effect); and



- (iv) it will use all reasonable endeavors to maintain the listing of the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to maintain such listing or such listing is unduly onerous, to use all reasonable endeavours to obtain and maintain a listing on another internationally recognised stock exchange as the Issuer may from time to time determine (with prior notification to the Trustee) and will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the Bonds by any such stock exchange.

5.3.2 In the Trust Deed, the Issuer has undertaken with the Trustee that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders:

- (i) it will issue H Shares to Bondholders on exercise of Conversion Rights and ensure that at all times it has the ability to issue free from pre-emptive or other similar rights such number of H Shares as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into H Shares to be satisfied in full and will ensure that all H Shares delivered upon conversion of the Bonds will be duly and validly issued as fully-paid and not subject to call for further funds; and
- (ii) it will not make any offer, issue or distribution or take any action the effect of which would be to reduce the Conversion Price below the par value of the H Shares of the Issuer provided always that the Issuer shall not be prohibited from purchasing its H Shares to the extent permitted by law.

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

#### **5.4 Notice of Change in Conversion Price**

The Issuer shall give notice to the Hong Kong Stock Exchange, to the Trustee and each Conversion Agent in writing and to the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

#### **5.5 Change of Control Conversion Price**

If a Change of Control (as defined in Condition 7.5.5) shall have occurred, the Issuer shall give notice of that fact to the Bondholders pursuant to Condition 7.5.4 (the “**Change of Control Notice**”).

Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price (the “**Change of Control Conversion Price**”) applicable solely for the purpose of such exercise of Conversion Rights, shall be the Conversion Price in effect on the Conversion Date adjusted in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times c/t))$$

Where:

NCP = the Change of Control Conversion Price;

OCP = the Conversion Price in effect on the relevant Conversion Date;

CP = 35.0 per cent. expressed as a fraction;

c = the number of days from and including the date on which the Change of Control has occurred; and

t = the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that if the Change of Control Conversion Price determined pursuant to this Condition 5.6 would (but for the operation of this proviso) otherwise be below the level permitted by applicable laws and regulations from time to time (if any), it shall instead be equal to such level as aforesaid.

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period or a Restricted Conversion Period, as the case may be, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period or the Restricted Conversion Period, as the case may be.

## **5.6 Provisions Relating to Changes in Conversion Price**

*5.6.1 Minor Adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest one Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to the Bondholders in accordance with Condition 16 and to the Trustee and the Agents in writing, in each case promptly after the determination thereof.

*5.6.2 Decision and Determination of the Calculation Agent or an Independent Financial Advisor:*

- (a) Adjustments to the Conversion Price shall be determined and calculated by the Calculation Agent upon request from the Issuer and/or, to the extent so specified in the Conditions and upon request from the Issuer, by an Independent Advisor.

Adjustments to the Conversion Price calculated by the Calculation Agent or, where applicable, an Independent Advisor and any other determinations made by the Calculation Agent or, where applicable, an Independent Advisor, or an opinion of an Independent Advisor, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee, the Bondholders, the Calculation Agent (in the case of a determination by an Independent Advisor) and the Agents.

- (b) Subject as provided in the Calculation Agency Agreement, the Calculation Agent may consult, at the expense of the Issuer, on any matter (including, but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Trustee, the Bondholders or the Agents in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.
- (c) The Calculation Agent shall act solely upon the request from, and exclusively as agent of, the Issuer and in accordance with these Conditions. Neither the Calculation Agent (acting in such capacity) nor any Independent Advisor appointed in connection with the Bonds (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in its capacity as Calculation Agent as against the Trustee, the Bondholders or the Agents.
- (d) If, following consultation between the Issuer and the Calculation Agent, any doubt shall arise as to an adjustment to the Conversion Price under Condition 5.3 or Condition 5.6, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Calculation Agent, the Bondholders and the Trustee, save in the case of manifest error.

- 5.6.3 *Minimum Conversion Price:* Notwithstanding the provisions of this Condition 5, the Issuer undertakes that: (i) the Conversion Price shall not in any event be reduced to below the nominal or par value of the H Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable H Shares; and (ii) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.
- 5.6.4 *Multiple Events:* Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.
- 5.6.5 *Upward/Downward Adjustment:* No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation, subdivision or re-classification of the H Shares as referred to in Condition 5.3.1 The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee in writing and to the Bondholders in accordance with Condition 16, reduce the Conversion Price, subject to Condition 5.7.3.
- 5.6.6 *Trustee Not Obligated to Monitor or Make Calculations:* Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation or determination (or verification thereof) in connection with the Conversion Price and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Financial Advisor in making any calculation or determination or any erroneous calculation or determination in connection with the Conversion Price.
- 5.6.7 *Employee Share Option Schemes:* No adjustment will be made to the Conversion Price when Ordinary Shares or other securities (including rights or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees (including directors) of the Issuer or any of its Subsidiaries pursuant to any employee share scheme or plan (and which employee share scheme or plan is in compliance with, if applicable, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the Stock Listing Rules of the Shenzhen Stock Exchange or, if relevant, the listing rules of the Alternative Stock Exchange) (“**Share Scheme Options**”) unless any such issue or grant of Share Scheme Options (which, but for this provision, would have required adjustment pursuant to Condition 5) would result in the total number of Ordinary Shares which may be issued upon exercise of all Share Scheme Options granted during the 12-month period up to and including the date of such issue or grant representing, in aggregate, more than 2 per cent. of the average of the issued and outstanding Ordinary Shares during such 12-month period. For the avoidance of doubt, any Ordinary Shares issued in excess thereof, and only such Ordinary Shares issued in excess thereof, shall be subject to adjustment to the Conversion Price and taken into account in determining such adjustment as set out in Condition 5.3.
- 5.6.8 *Consideration Receivable:* For the purpose of any calculation of the consideration receivable or price pursuant to Condition 5.3.4, Condition 5.3.6, Condition 5.3.7 and Condition 5.3.8, the following provisions shall apply:
- (i) the aggregate consideration receivable or price for Ordinary Shares of a class issued for cash shall be the amount of such cash;

- (ii) (a) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the conversion, exercise or exchange of any options, warrants or other rights or securities (or following any modification thereof) shall be deemed to be the consideration received or receivable by the Issuer for any such options, warrants or other rights or securities (or following any modification thereof); (b) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the exercise of rights of subscription attached to any such securities (or following any modification thereof) shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the Issuer for such securities (or following any modification thereof) which is attributed by the Issuer to such rights of subscription or, if no part of such consideration is so attributed, to the Fair Market Value of such rights of subscription as at the relevant Determination Date, plus in the case of each of (a) and (b) above, the additional minimum consideration (if any) to be received by the Issuer on the conversion, exercise or exchange of such options, warrants or other rights or securities (or following any modification thereof), or on the exercise of such rights of subscription; and (c) the consideration per Ordinary Share of a class receivable by the Issuer on the conversion, exercise or exchange of, or on the exercise of such rights of subscription attached to, such options, warrants or other rights or securities (or following any modification thereof) shall be the aggregate consideration referred to in (a) or (b) above (as the case may be) divided by the number of Ordinary Shares of such class to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (iii) if the consideration or price determined pursuant to (i) or (ii) above of this Condition 5.7.8 (or any component thereof) shall be expressed in a currency other than HK dollars, it shall be converted into HK dollars at the Prevailing Rate on the relevant Determination Date;
- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares of a class or securities or options, warrants or rights, or otherwise in connection therewith;
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity; and
- (vi) if as part of the same transaction, Ordinary Shares of a class shall be issued or issuable for a consideration receivable in more than one or in different currencies then the consideration receivable per Share shall be determined by dividing the aggregate consideration (determined as aforesaid and converted if and to the extent not in HK dollars, into HK dollars as aforesaid) by the aggregate number of Ordinary Shares so issued.

## 5.7 Definitions

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means, at any time, in the case of the H Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which such H Shares are then listed or quoted or dealt in;

“**Applicable Date**” means, in the case of an adjustment to the Conversion Price pursuant to:

- (a) Condition 5.3.1, the date on which the relevant consolidation, subdivision or re-classification takes effect;

- (b) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of one or more classes of Ordinary Shares (including H Shares), (I) the relevant Ex-Date in respect thereof, if no such date is capable of being determined in accordance with (I), such other date as is determined to be appropriate by an Independent Financial Advisor;
- (c) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of any class of Ordinary Shares (other than H Shares), the date of first public announcement of the terms thereof; or
- (d) Condition 5.3.6, 5.3.7 or 5.3.8, the relevant Determination Date as is mentioned in Condition 5.3.6, 5.3.7 or 5.3.8, as the case may be.

“**Applicable RA Date**” means, in the case of an adjustment to the Conversion Price pursuant to:

- (e) Condition 5.3.1, the record date or other due date for the establishment of entitlement in respect of the relevant consolidation, subdivision or re-classification;
- (f) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of one or more classes of Ordinary Shares (including H Shares), (I) the record date or other due date for the establishment of entitlement in respect thereof or (II) if no such date is capable of being determined in accordance with (I), the date of first public announcement of such issue, distribution, grant or offer;
- (g) Condition 5.3.2, 5.3.3, 5.3.4, 5.3.5 or 5.3.9 in respect of any issue, distribution, grant or offer in respect of one or more classes of Ordinary Shares (other than H Shares), the date of first public announcement of such issue, distribution, grant or offer; or
- (h) Condition 5.3.6, 5.3.7 or 5.3.8, the relevant Determination Date as is mentioned in Condition 5.3.6, 5.3.7 or 5.3.8, as the case may be.

“**Closing Price**” means, in respect of an Ordinary Share of any class or any other asset, option, warrant or other right or other security, on any day, the official closing market price on the Relevant Stock Exchange in respect thereof published by or derived from Bloomberg page HP (or any successor ticker page) (setting ‘Official Closing Price’, or any other successor setting) in respect of such Ordinary Share, or other asset, option, warrant or other right or other security (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page is, as at the Issue Date, (i) for the H Shares, 3759 HK Equity HP and (ii) for the A Shares, 300759 CH Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Advisor on such day, provided that:

- (a) if on any such day (for the purpose of this definition, the “**Original Date**”) such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, or other asset, option, warrant or other right or other security, in respect of such day shall be the Closing Price, determined by the Calculation Agent as provided above, on the immediately preceding Trading Day in respect thereof on which the same can be so determined, provided however that if such immediately preceding Trading Day falls prior to the seventh day before the Original Date, the Closing Price shall be considered to be not capable of being determined pursuant to this proviso (a); and
- (b) if the Closing Price cannot be determined as aforesaid, the Closing Price shall be determined as at the Original Date by an Independent Financial Advisor in such manner as it shall determine to be appropriate;

“**Current Market Price**” means, in respect of an Ordinary Share of a class on a particular date, the average of the daily Closing Price on each of the 10 consecutive Trading Days ending on and including the Trading Day immediately preceding such date and (if necessary) translated into HK dollars at the Prevailing Rate as at the relevant date; provided that, if at any time during such 10 Trading Day period the Closing Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of that period the Closing Price shall have been based on a price cum-dividend (or cum-any other entitlement), then:

- (i) if the Ordinary Shares of such class to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class; or
- (ii) if the Ordinary Shares of such class to be issued or transferred and delivered rank for the dividend or entitlement in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class, and provided that, if on each of the said 10 Trading Days the Closing Price shall have been based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Ordinary Shares of such class to be issued or transferred and delivered do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class;

“**Capital Distribution**” means, on a per Ordinary Share basis, (i) any distribution of assets *in specie* to the holders of such Ordinary Shares by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Ordinary Shares or other securities credited as fully or partly paid (other than an issue of Ordinary Shares in the circumstances set out in Condition 5.3.1, or Condition 5.3.2(i)) by way of capitalization of reserves, but excludes a Scrip Dividend adjusted for under Condition 5.3.2(ii)); and (ii) any cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind to the holders of such Ordinary Shares by the Issuer for any financial period (whenever paid and however described), and shall include a purchase or redemption of Ordinary Shares by or on behalf of the Issuer (except a purchase or redemption of Ordinary Shares by or on behalf of the Issuer (or a purchase of Ordinary Shares by or on behalf of a Subsidiary of the Issuer), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Ordinary Shares by more than five per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b) of this definition, the relevant day is not a Trading Day, the immediately preceding Trading Day) in an amount to be determined by an Independent Financial Advisor;

“**Ex-Date**” means, in relation to any Capital Distribution, capitalisation, consolidation, reclassification, redesignation or subdivision, issue, grant, offer or other entitlement, in each case in respect of the H Shares, the first Trading Day for the H Shares on which the H Shares are traded ex-the relevant Capital Distribution, capitalisation, consolidation, reclassification, redesignation or subdivision, issue, grant, offer or other entitlement.

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date (for the purpose of this definition, the **“FMV Date”**):

- (a) (other than where paragraph (b), (c) or (d) below applies) in the case of any asset, security, option, warrant or other right, the fair market value thereof on such FMV Date as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate;
- (b) in the case of any cash Capital Distribution, the amount of such cash Capital Distribution, as determined by the Calculation Agent,
- (c) in the case of any other cash amount, the amount of such cash, as determined by the Calculation Agent;
- (d) in the case of any assets, options, warrants or other rights or other securities (including any class of Ordinary Shares) that are or will upon issuance be publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by an Independent Financial Advisor (or, if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent)), the arithmetic mean of the daily Closing Prices of such assets, options, warrants or other rights or securities during the period of five Trading Days for such assets, options, warrants or other rights or securities commencing on such FMV Date (or, if later, the date (for the purpose of this definition, the **“Adjusted FMV Date”**) which falls on the first such Trading Day such assets, options, warrants or other rights or securities are publicly traded, provided that where such Adjusted FMV Date falls after the seventh day following the FMV Date, the Fair Market Value of such assets, options, warrants or other rights or securities shall instead be determined pursuant to paragraph (a) above, and no such Adjusted FMV Date shall be deemed to apply),

and provided that such amounts, if not expressed in HK dollars shall be translated into HK dollars at the Prevailing Rate on such FMV Date (or, as the case may be, the Adjusted FMV Date), all as determined by the Calculation Agent. In addition, in the case of paragraphs (b) and (c) above, the Fair Market Value shall be determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

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

**“H Share Stock Exchange Business Day”** means any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) is open for the business of dealing in securities;

**“Independent Financial Advisor”** means an independent investment bank or licensed financial advisor or institution of international repute (acting as an expert) (which may include the Calculation Agent) selected and appointed at its own cost by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Financial Advisor and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it;

**“Prevailing Rate”** means, in respect of any currency on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined, provided that in the case of any cash Capital Distribution in respect of the H Shares, the **“Prevailing Rate”** shall be deemed to be the average benchmark exchange rate

between Renminbi and HK dollars, calculated in the manner as announced by the Issuer on the Hong Kong Stock Exchange from time to time, being as at the Issue Date the average of the medium rate of Renminbi to HK dollars as announced by the People's Bank of China for five working days preceding (and including) the date on which such cash Capital Distribution are declared at the relevant annual general meeting;

**“Reference Date”** means, in respect of any Retroactive Adjustment, the date on which the relevant adjustment to the Conversion Price becomes effective under Condition 5.3 (notwithstanding, as the case may be, that the date upon which it becomes effective falls after the end of the Conversion Period).

**“Reference H Shares”** means, in respect of any exercise of Conversion Rights, the number of H Shares that would be deliverable by the Issuer in respect thereof in accordance with these Conditions (disregarding for this purpose any Additional H Shares).

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

**“Relevant Page”** means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, such other Bloomberg page (as determined by the Calculation Agent) displaying the relevant information, or, if there is no such page, from such other information service provider (as determined to be appropriate by an Independent Financial Advisor) that displays the relevant information;

**“Relevant Stock Exchange”** means:

- (a) in respect of the H Shares, the Hong Kong Stock Exchange (or any successor thereto) or, if at the relevant time the H Shares are not at that time listed and admitted to trading on the Hong Kong Stock Exchange, the Alternative Stock Exchange (if any);
- (b) in respect of the A Shares, the Shenzhen Stock Exchange (or any successor thereto) or, if at the relevant time the A Shares are not at that time listed and admitted to trading on the Shenzhen Stock Exchange, the principal stock exchange or securities market (if any) on which such A Shares are then listed and traded; and
- (c) in respect of any assets, options, warrants or other rights or other securities (other than the H Shares or the A Shares), the principal stock exchange or securities market (if any) on which such assets, options, warrants or other rights or other securities are then listed and traded,

where **“principal stock exchange or securities market”** shall mean the stock exchange or securities market on which the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities are listed and traded, provided that if the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities are listed and traded on more than one stock exchange or securities market at the relevant time, then **“principal stock exchange or securities market”** shall mean that stock exchange or securities market on which the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities are then listed and traded as determined by the Calculation Agent (if the Calculation Agent determines that it is able to make such determination) or (in any other case) by an Independent Financial Advisor by reference to the stock exchange or securities market with the highest average daily trading volume in respect of the A Shares, or, as the case may be, such other assets, options, warrants or other rights or other securities.

**“Scrip Dividend”** means Ordinary Shares of any class issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Ordinary Shareholders concerned would or could otherwise have received;



“**Shenzhen Stock Exchange**” means The Shenzhen Stock Exchange;

“**Trading Day**” means in respect of an Ordinary Share of any class, or other asset, option, warrant or other right or other security, a day on which (i) the Relevant Stock Exchange in respect thereof is open for dealing business and (ii) the Closing Price in respect thereof is capable of being determined (disregarding for this purpose the provisos to the definition of “Closing Price”); and

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share of any class or any other asset, option, warrant or other right or other security, on any day, the volume weighted average price on the Relevant Stock Exchange in respect thereof published by or derived from Bloomberg page HP (or any successor ticker page) (setting ‘Weighted Average Line’, or any other successor setting) in respect of such Ordinary Share, or other asset, option, warrant or other right or other security (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page is, as at the Issue Date, (i) for the H Shares, 3759 HK Equity HP and (ii) for the A Shares, 300759 CH Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Advisor on such day, provided that:

- (a) if on any such day (for the purpose of this definition, the “**Original Date**”) such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, or other asset, option, warrant or other right or other security, in respect of such day shall be the Volume Weighted Average Price, determined by the Calculation Agent as provided above, on the immediately preceding Trading Day in respect thereof on which the same can be so determined, provided however that if such immediately preceding Trading Day falls prior to the seventh day before the Original Date, the Volume Weighted Average Price shall be considered to be not capable of being determined pursuant to this proviso (a); and
- (b) if the Volume Weighted Average Price cannot be determined as aforesaid, the Volume Weighted Average Price shall be determined as at the Original Date by an Independent Financial Advisor in such manner as it shall determine to be appropriate.

References to any issue or offer or grant to Ordinary Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Ordinary Shareholders, other than Ordinary Shareholders by reason of the laws of any territory or requirements of any recognized regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

## 6. Payments

### 6.1 U.S. Dollar Settlement

All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Trust Deed from or against the Issuer shall be payable and settled in U.S. dollars only.

For the purposes of these Conditions, “**U.S. Dollar Equivalent**” means, in respect of a Renminbi-denominated amount that, but for this Condition 6.1, would be due under the Bonds in Renminbi, the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date (as defined below) as determined by the Calculation Agent.

For the purpose of this Condition 6.1:

“**Business Day**” means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in Hong Kong, Beijing, London and New York;

“**Rate Calculation Date**” means the day which is two Business Days before the due date of the relevant amount under these Conditions;

“**Reference Dealers**” means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Issuer;

“**Spot Rate**” means, for each Rate Calculation Date, a rate determined by the Calculation Agent as follows:

- (a) in respect of the US dollar and Renminbi, the USD/CNY(HK) Spot Rate, expressed as the amount of Renminbi per one US dollar, reported by the Hong Kong Treasury Markets Association, which appears on the Bloomberg page “CNH TMAF Currency HP” at approximately 11:30 a.m. (Hong Kong time) on the Rate Calculation Date, or any such other source as the Calculation Agent may determine which displays such rate;
- (b) if no such rate is available under sub-paragraphs (a) of this definition, the spot rate determined by the Calculation Agent on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below, or if fewer than two quotations are provided, the exchange rate for the Rate Calculation Date as shall be determined by an Independent Financial Advisor in good faith.

In determining the Spot Rate under sub-paragraph (b) of this definition, the Issuer will request the Hong Kong office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer’s experience in the foreign exchange market for Renminbi and general activity in such market on the Rate Calculation Date. The quotations used to determine the Spot Rate under sub-paragraph (c) of this definition for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7, whether by the Reference Dealers (or any of them), the Calculation Agent or the Independent Financial Advisor, will be binding on the Issuer, the Trustee, the Agents and the Bondholders, save in the case of manifest error.

With respect to each Spot Rate determined by the Calculation Agent under the definition of “Spot Rate”, the Calculation Agent shall inform the Issuer of such Spot Rate and the US Dollar Equivalent of the relevant amount no later than 5:00 p.m. (Hong Kong time) on the Rate Calculation Date after the Spot Rate has been determined.

## **6.2 Principal**

Payment of principal, premium and interest (if any) will be made by transfer to the registered account of the Bondholder except in the case of any amount payable by the Issuer pursuant to Condition 5, where any amounts payable to a Bondholder will be made by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the address of the Bondholder or by transfer to a U.S. dollar account maintained by the payee, in either case in accordance with instructions given by the relevant Bondholder in the Conversion Notice. Such payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

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.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

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

### **6.3 Registered Accounts**

For the purposes of this Condition 6, a Bondholder’s registered account means the U.S. 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 Payment Business Day (as defined in Condition 6.7) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

### **6.4 Fiscal Laws**

All payments 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 and (ii) any withholding or deduction required pursuant to an agreement described in Section 147 1(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

### **6.5 Payment Initiation**

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

### **6.6 Delay in Payment**

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

### **6.7 Payment Business Day**

In this Condition 6, “**Payment Business Day**” means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in New York City and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

## 6.8 Appointment of Agents

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that the Issuer shall at all times maintain (i) a Principal Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Conversion Agent and (v) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Calculation Agent and appoint another Calculation Agent provided that the Issuer shall at all times maintain a Calculation Agent which shall be a financial institution of international repute or a financial adviser with appropriate expertise.

Notice of any changes in any Agent, their specified offices or the Calculation Agent will promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

## 7. Redemption, Purchase and Cancellation

For the purposes of this Condition 7:

“**Early Redemption Amount**” means, in respect of any date, an amount equal to:

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

Where

Previous Redemption Amount = the Early Redemption Amount for each RMB1,000,000 principal amount on the Semi-annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to December 18, 2021, RMB1,000,000):

<b>Semi-annual Date</b>	<b>Early Redemption Amount</b>
	<b>(RMB)</b>
December 18, 2021 .....	1,007,500.00
June 18, 2022 .....	1,015,056.25
December 18, 2022 .....	1,022,669.17
June 18, 2023 .....	1,030,339.19
December 18, 2023 .....	1,038,066.73
June 18, 2024 .....	1,045,852.24
December 18, 2024 .....	1,053,696.13
June 18, 2025 .....	1,061,598.85
December 18, 2025 .....	1,069,560.84

$r$  = 1.50 per cent. expressed as a fraction;

$d$  = number of days from and including the immediately preceding Semi-annual Date (or if the Bonds are to be redeemed on or before December 18, 2021, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

$p$  = 180.

## **7.1 Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at the U.S. Dollar Equivalent of 107.76 per cent. of its outstanding principal amount on June 18, 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 7.2 or Condition 7.3 below (but without prejudice to Condition 9).

## **7.2 Redemption at the Option of the Issuer**

7.2.1 The Issuer may, having given not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem all but not some only of the Bonds for the time being outstanding at the U.S. Dollar Equivalent of the Early Redemption Amount as at the relevant redemption date if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15). Upon the expiry of the Optional Redemption Notice, the Issuer will be bound to redeem the relevant Bonds for the time being outstanding at the U.S. Dollar Equivalent of the Early Redemption Amount as at the date fixed for such redemption.

7.2.2 The Trustee and the Agents shall have no obligation to confirm whether the circumstances giving rise to a right for the Issuer to redeem under this Condition 7.2 have in any case arisen.

## **7.3 Redemption for Taxation Reasons**

7.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at the U.S. Dollar Equivalent of the Early Redemption Amount as at the relevant redemption date (the “**Tax Redemption Date**”), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after June 8, 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 7.3.1, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer, each of whom are also Authorised Signatories of the Issuer, stating that the obligation referred to in (i) above of this Condition 7.3.1 cannot be avoided by the Issuer having taken reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognized standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective), and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders.

7.3.2 If the Issuer gives a notice of redemption pursuant to this Condition 7.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 8 shall not apply in respect of any payment of principal, or interest (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 8 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax. For the avoidance of doubt, any

Additional Tax Amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the government of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax prior to June 8, 2021, will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m.) a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date. Such notice of election, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

#### **7.4 Redemption at the Option of the Bondholders**

The holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds on June 18, 2024 (the "**Put Option Date**") at the U.S. Dollar Equivalent of 104.59 per cent. of their outstanding principal amount on the Put Option Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m.) a duly completed and signed notice (the "**Put Option Notice**"), substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

A Put Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of a Put Option Notice delivered as aforesaid on the Put Option Date.

#### **7.5 Redemption for Relevant Events**

7.5.1 Following the occurrence of a Relevant Event (as defined in Condition 7.5.5), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only such holder's Bonds on the Relevant Event Put Date (as defined below) at the U.S. Dollar Equivalent of the Early Redemption amount as at the Relevant Event Put Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m.) a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Relevant Event Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 7.5.1.

7.5.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid (subject to delivery of the relevant Certificates) on the Relevant Event Put Date.

7.5.3 None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not be liable to Bondholders or any other person for not doing so.

7.5.4 Not later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 16) and to the Trustee and the Principal Agent in writing stating:

- (i) the Relevant Event Put Date;
- (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event;
- (iii) the date by which the Relevant Event Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) briefly, the Conversion Right and the Conversion Price as at the last practicable date immediately prior to the date on which such notice is given (and, if the Relevant Event is a Change of Control, (i) the Change of Control Conversion Price, determined for the purpose of such notice, on the basis of such Conversion Price as at such last practicable date as aforesaid, and (ii) the Change of Control Conversion Period);
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their rights under this Condition 7.5 or their Conversion Right; and
- (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn without the Issuer's consent.

7.5.5 For the purposes of this Condition 7.5:

**"Affiliated Holders"** means, with respect to any specified natural person, any company, partnership, trust, foundation or other entity or investment vehicle for which such specified natural person retains sole voting and dispositive power with respect to the Ordinary Shares, as applicable, held by such company, partnership, trust, foundation or other entity or investment vehicle, and the trustees, legal representatives, beneficiaries and/or beneficial owners, but solely in such capacity, of such company, partnership, trust, foundation or other entity or investment vehicle;

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

- (a) the Founding Individuals, collectively, together with any voting rights controlled directly or indirectly by the Founding Individuals, including through any voting proxy arrangement and/or acting-in-concert agreement, ceases to be the single largest holder of voting rights in the Issuer;
- (b) other than Founding Individuals, any person or persons, acting together, acquires control of the Issuer if such person or persons does not or do not have, and would not be deemed to have, control of the Issuer on the Issue Date;
- (c) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person, unless the consolidation, merger, sale or transfer will not result in an event specified in (b) above with respect to the Issuer or the successor entity; or
- (d) one or more other persons acquires the legal or beneficial ownership of all or substantially all of the Issuer's registered share capital;

“**control**” means the acquisition or control of more than 50 per cent. of the voting rights of the registered share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer’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;

a “**Delisting**” occurs when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange;

“**Founding Individuals**” means (a) Dr. LOU Boliang (樓柏良), Mr. LOU Xiaoqiang (樓小強) and Ms ZHENG Bei (鄭北) and (b) each of the respective Affiliated Holders referred to in this Condition 7.5.5;

a “**H Share Suspension in Trading**” means the suspension in trading of the H Shares for a period of 20 consecutive H Share Stock Exchange Business Days;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries;

a “**Relevant Event**” means the occurrence of either (a) a Change of Control in the Issuer; (b) a Delisting or (c) a H Share Suspension in Trading; and

“**voting rights**” means the right generally to vote at general meetings of shareholders of the Issuer (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).

## **7.6 Purchases**

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so acquired, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle them to convert the Bonds in accordance with these Conditions nor shall such Bonds be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders and exercising any voting rights with respect to such Bonds and Conditions 9 and 13.

## **7.7 Cancellation**

All Bonds which are repurchased, redeemed or converted or purchased by or on behalf of the Issuer 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.

## **7.8 Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 7 will be irrevocable and will be given in accordance with Condition 16 specifying: (i) the Conversion Price as at the date of the relevant notice; (ii) the last day on which Conversion Rights may be exercised; (iii) the Closing Price of the H Shares as at the latest practicable date prior to the publication of the notice, (iv) the date fixed for redemption; (v) the manner in which redemption will be effected; and (vi) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.



If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to these Conditions), the first in time shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable on redemption of the Bonds pursuant to this Condition 7 and none of them shall be liable to the Bondholders or any other person for not doing so.

## 8. Taxation

8.1 All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any restriction or condition and will 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, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on June 8, 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any Hong Kong deduction or withholding is required, in such event the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

8.1.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC or Hong Kong, as the case may be, otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or

8.1.2 (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 amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

8.2 “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Trustee or the Principal 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.

8.3 References in these Conditions to principal and interest (if any) shall be deemed also to refer to any additional amounts or premiums which may be payable under these Conditions or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8.4 Neither the Trustee nor any Agent shall 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 none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## 9. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at the U.S. Dollar Equivalent of the Early Redemption Amount (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5) if any of the following events (each an “**Event of Default**”) has occurred:

- 9.1 the Issuer fails to pay the principal and premium (if any) on any of the Bonds when due; or
- 9.2 failure by the Issuer to deliver the H Shares as and when such H Shares are required to be delivered following conversion of a Bond; or
- 9.3 the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- 9.4 the Issuer or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Principal Subsidiary; or
- 9.5 (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future indebtedness in respect of moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.5 have occurred equals or exceeds U.S.\$25,000,000 or its equivalent in other currency or currencies (as determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which such indebtedness become due and payable or is not paid or any such amount become due and payable or is not paid under any such guarantee or indemnity); or
- 9.6 a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- 9.7 an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any Principal Subsidiary, or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or any material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Principal Subsidiary; or

- 9.8** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries on any material part of their respective property, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or
- 9.9** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- 9.10** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of the PRC or Hong Kong is not taken, fulfilled or done; or
- 9.11** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any Principal Subsidiary; or
- 9.12** the Trust Deed or any of the Bonds ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms (subject to equitable principles and insolvency laws affecting creditors' rights generally); or
- 9.13** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9.6 to 9.8 (both inclusive) or Condition 9.10 or Condition 9.11.

The Trustee and the Agents shall not be bound to take any steps to ascertain whether any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or fulfillment of any other conditions and/or the making of any determination would constitute an Event of Default has happened and none of them shall be responsible or liable to Bondholders or any other person for not doing so.

**9.14** For purposes of this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement is at least 5 percent of the consolidated total revenue as shown by the latest published audited income statement of the Issuer and its consolidated Subsidiaries; or
- (ii) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement is at least 5 percent of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries, including for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) 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 5 percent of the consolidated net assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries, including the investment of the Issuer and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and of associated companies and after adjustment for minority interests;

- (iv) 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 Issuer 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 (i), (ii) or (iii) above;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (a) 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 Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer 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 Issuer 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;
- (b) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, total revenue, gross profit or net assets of the Issuer 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 Issuer;
- (c) if at any relevant time in relation to any Subsidiary, no accounts are audited, its net assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Issuer; and
- (d) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer;

A certificate signed by an Authorised Signatory of the Issuer stating that, in their 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.

## **10. Prescription**

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of default interest, if any) from the Relevant Date in respect thereof.

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

### **11.1 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. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and if it is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. 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 principal amount of the Bonds for the time being outstanding or, at any adjournment of 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 modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal or Equivalent Amount in respect of the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify or cancel the Conversion Rights or the put options specified in Condition 7 or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, 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 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.

### **11.2 Modification and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 11.1 above and the Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, 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 modification, waiver or authorisation will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

### **11.3 Interests of Bondholders**

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

## **12. 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 Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and such indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **13. Enforcement**

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

## **14. Indemnification of the Trustee**

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

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

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 exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

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

#### **15. Further Issues**

The Issuer 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 issue date and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds shall be constituted by a deed supplemental to the Trust Deed.

#### **16. Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders 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) and, so long as the Bonds are listed on the Hong Kong Stock Exchange and the rules of that stock exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be the South China Morning Post). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be. A copy of all such notices to Bondholders (or a Bondholder) or the Trustee pursuant to these Conditions shall be given simultaneously to the Calculation Agent.

*As long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such delivery shall be deemed to be valid for all purposes of these Conditions.*

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

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this is without prejudice to the rights of Bondholders as contemplated in Condition 13.

## **18. Governing Law and Jurisdiction**

### ***18.1 Governing Law***

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

### ***18.2 Jurisdiction***

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds and/or the Trust Deed (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

### ***18.3 Waiver of Immunity***

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defense, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.



## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

### PAYMENT

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer promises to pay the amount payable upon redemption under the Conditions in respect of the Bonds and to pay interest in respect of the Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate together with such other sums and additional amounts (if any) as may be payable under the Conditions.

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

### EXCHANGE OF BONDS REPRESENTED BY GLOBAL CERTIFICATES

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

### NOTICES

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

### MEETINGS

For the purposes of any meeting of Bondholders, the registered holder of the Bonds represented by the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each US\$200,000 in principal amount of the Series 1 Bonds or RMB2,000,000 in principal amount of the Series 2 Bonds for which the Global Certificate is issued.

## **REDEMPTION AT THE OPTION OF THE BONDHOLDERS**

The Bondholder's redemption options in Condition 7.4 (*Redemption at the Option of the Bondholders*) and Condition 7.5 (*Redemption for Relevant Events*) of the Conditions may be exercised by the holder of the Global Certificate giving notice to the Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

## **REDEMPTION AT THE OPTION OF THE ISSUER**

The options of the Issuer provided for in Condition 7.2 (*Redemption at the Option of the Issuer*) and Condition 7.3 (*Redemption for Taxation Reasons*) of the Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the relevant Condition.

## **BONDHOLDER'S TAX OPTION**

The option of Bondholders not to have the Bonds redeemed as provided in Condition 7.3 (*Redemption for Taxation Reasons*) of the Conditions shall be exercised by the presentation to any Paying Agent of a duly completed Bondholder's election notice within the time limits set out in and containing the information required by Condition 7.3 (*Redemption for Taxation Reasons*).

## **TRANSFERS**

Transfers of beneficial interests in the Bonds represented by the Global Certificate 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 such Alternative Clearing System) and their respective direct and indirect participants.

## **CANCELLATION**

Cancellation of any Bond by the Issuer following its redemption, conversion or purchase by the Issuer and its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate.

## **CONVERSION**

Subject to the requirements of Euroclear and Clearstream (or any Alternative Clearing System), the Conversion Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation to or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

## **TRUSTEE'S POWERS**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

## **USE OF PROCEEDS**

The net proceeds from this offering, after the deduction of fees, commissions and expenses payable in connection with this offering, will be approximately US\$587.5 million. The Issuer intends to use the proceeds for, among others, (i) expanding capacities and capabilities of our pharmaceutical process development and manufacturing facilities (i.e., CMC services) for small molecule drugs; (ii) expanding our R&D and manufacturing service platform for biologics; (iii) expanding capabilities of our laboratory services; (iv) expanding capacities and capabilities of our laboratory and manufacturing facilities in the UK and (v) working capital and general corporate purposes.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Company’s audited consolidated capitalization as at December 31, 2020 and as adjusted to give effect to the issue of the Bonds before deduction of any fees, commissions and expenses. The table should be read in conjunction with the financial statements and the accompanying notes included in this Offering Circular.

	As at December 31, 2020			
	Actual		As adjusted	
	(RMB in millions)	(US\$ in millions) <sup>(1)</sup>	(RMB in millions)	(US\$ in millions) <sup>(1)</sup>
<b>Indebtedness:</b>				
<b>current portion</b>				
Interest-bearing bank and other borrowings ..	386	60	386	60
<b>non-current portion</b>				
Interest-bearing bank and other borrowings ..	395	62	395	62
Bonds to be issued <sup>(2)</sup> .....	–	–	3,834	600
<b>Total indebtedness</b> .....	781	122	4,615	722
<b>Equity</b>				
Share capital .....	794	124	794	124
Treasury shares .....	(45)	(7)	(45)	(7)
Reserves .....	8,121	1,271	8,121	1,271
Non-controlling interests .....	64	10	64	10
<b>Total shareholders’ equity</b> .....	8,934	1,398	8,934	1,398
<b>Total capitalization</b> <sup>(3)</sup> .....	9,715	1,520	13,549	2,120

(1) Translation of currency amounts between Renminbi and US\$ have been made at the rate of RMB6.3895 to US\$1.00, as reported by the Hong Kong Treasury Markets Association and appearing on the Bloomberg page “TMA” USD/CNH spot benchmark on June 8, 2021.

(2) In accordance with International Accounting Standard 32 “Financial Instruments: Disclosure and Presentation”, a convertible bond should be separated into an equity and a liability component. For illustrative purposes only, the aggregate principal amount of the Bonds to be issued has been presented as a liability in the above table.

(3) Total capitalization represents the sum of the total indebtedness and total shareholders’ equity.

The Company has incurred and will continue to incur additional indebtedness since December 31, 2020 during its ordinary course of business. Except as disclosed above and in this Offering Circular, there have been no material changes in the Company’s total capitalization since December 31, 2020.

## DESCRIPTION OF THE GROUP

### Overview

Pharmaron is a leading fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for our customers. The Company is one of the top three drug discovery service providers globally in terms of total revenue in 2020, according to Frost & Sullivan. The Company has established our leadership in drug discovery, pre-clinical and early clinical-stage development, while it has also been expanding its capabilities downstream to late clinical-stage development and commercial manufacturing. In expanding along the pharmaceutical R&D process, the Company has established expertise in all major R&D functions to deliver key milestones in each R&D stage, thereby enabling its customers to conduct their R&D programs in an accelerated manner.

As a leading drug discovery pharmaceutical R&D service provider, the Company accumulated profound scientific insights on molecules and built customers' trust since early stage of their innovative drug research and development. As such, when its customers further develop their R&D programs to the preclinical and clinical development stages, the Company is in the unique position to become their partner of choice in their subsequent R&D programs. In order to meet the customers' needs for R&D services, the Company naturally expanded its service offerings into clinical development and CMC (small molecule CDMO) services and became a fully integrated service provider. In 2019 and 2020, the Company further expanded its service offerings into biologics services and strengthened our technology platforms through strategic acquisitions in the U.S. and the U.K. the Company's integrated solutions and profound understanding of customers' needs further enable it to provide customized pharmaceutical R&D services beyond service and geographic boundaries.

The Company operates globally through its 16 laboratories, clinical and manufacturing facilities in China, the U.S. and the U.K., of which eight operating facilities are located overseas. The Company's profound experience in global pharmaceutical R&D, together with its global operations and world-class technical capabilities, allows it to offer its customers a unique proposition that combines the Company's technical expertise in different geographic location and efficient services with seamless integration. In addition, the Company's experience to conduct regulatory filings in various jurisdictions and its total solution approach enable its customers to file investigational new drug (IND) applications for their drug candidates in China, the U.S. or Europe in parallel and better support them when they enter into the overseas markets, which provides greater flexibility and efficiency in their business development strategies. In 2020, the Company submitted 58 IND applications for its pharmaceutical and biotech customers in China, among which 46 were IND applications targeting multiple jurisdictions (include China, the U.S. and EU), which demonstrated the advantage of and strong demand for its total solution approach.

The Company has a large, diverse and loyal customer base. As of December 31, 2020, it had an aggregate of over 1,500 customers, which included all of the top 20 global pharmaceutical companies that contributed to 23.7% of its revenue in 2020, and many reputable biotech companies. The Company is also a partner of choice of fast-growing start-ups and virtual biotech companies. Its loyal and growing customer base allows it to expand to new services along the drug discovery and development processes, as its existing customers' projects progress further. In addition, the comprehensive service offerings of the Company enable it to cross-sell services of different scientific functions to meet the customers' evolving needs. For example, over 80% of the revenue from its biologics services in 2020 was generated from its existing customers who used the Company's laboratory services for small molecule drugs, and nearly 80% of the revenue from the Company's CMC (small molecule CDMO) services in 2020 was generated from existing customers using its laboratory services. The strong execution capabilities of the Company and quality customer services are widely recognized by our customers, which increases its customer stickiness and enables it to develop long term cooperation/partner relationship with them.

The Company is devoted to providing customers with world-class pharmaceutical R&D services. Since inception, the Company has put great emphasis on technology and innovation to fuel the constant growth of its business and satisfy the evolving R&D needs of its customers. It develops new technologies through multiple measures such as internal research and development, collaboration with academic and professional institutions, customer collaboration and acquisitions. In recent years, the Company has been strategically developing new technologies and capabilities in chemistry and bioscience areas, and committed to further strengthening of the integrated services platform.

Led by Dr. LOU, the chairman and chief executive officer of the Company, the highly skilled and experienced management team with diverse expertise and extensive knowledge has significantly contributed to the growth of the Company's institutional knowledge base. In addition, their international background, together with their deep understanding of the China market and the open and embracing corporate culture of the Group, provide it with global expansion capabilities. In addition, the management team of the Company has established a highly experienced talent pool with strong execution capabilities. As of December 31, 2020, it had over 9,800 scientists and research technicians in China, the U.K. and the U.S. The Company is committed to its corporate philosophy of "Employee First and Customer Centric" which puts strong emphasis on employee training and improves all mechanisms so as to integrate their career development into the Company's overall development strategy. In order to develop and train its talents, the Company provides continuous training programs to its employees through "Pharmaron College," visiting scholar programs and various symposiums, forums and lectureship. Through these initiatives, its team members can acquire updates on the most advanced technology and techniques, thereby supporting the Company's continued and sustainable expansion with a cohesive, vibrant and stable mid-level management team.

The Company experienced significant growth during the three years ended December 31, 2020. Its revenue increased significantly from RMB2,908.1 million in 2018 to RMB3,757.2 million in 2019 and further to RMB5,133.6 million in 2020, representing a CAGR of 32.9%. Its net profit increased significantly from RMB335.8 million in 2018 to RMB530.7 million in 2019 and further to RMB1,147.0 million in 2020, representing a CAGR of 84.8%.

The following table sets forth the breakdown of the Group's revenue by segment for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
Laboratory services .....	3,262,714	2,379,509	1,895,755
CMC (small molecule CDMO) services .....	1,221,985	901,576	645,824
Clinical development service.....	629,350	456,265	347,504
Others.....	19,548	19,810	19,040
<b>Total .....</b>	<b>5,133,597</b>	<b>3,757,160</b>	<b>2,908,123</b>

## Competitive Strengths

### *Leading fully-integrated pharmaceutical R&D services platform with strong capabilities and comprehensive service offerings across the globe*

The Company has a well-established pharmaceutical R&D services platform for the discovery stage of small molecule innovative drugs, based on which the Company has expanded its expertise to various stages of drug development and manufacturing. The Company is in a leading position in drug discovery, preclinical and early clinical-stage research, and is committed to expanding its capabilities downstream to late clinical-stage development and commercial manufacturing. In the process of expanding R&D services, the Company has successfully evolved from a pure laboratory chemistry service provider to an end-to-end pharmaceutical R&D services platform with operations in China, the U.S. and the U.K. The Company has established comprehensive expertise in different R&D stages, so as to assist customers in accelerating their

R&D programs and cater to a full spectrum of customers' needs. The Company has established a good reputation in the global pharmaceutical R&D service industry and a strong partnership with top pharmaceutical and biotech companies. Through the comprehensive early-stage drug R&D services, we have accumulated a profound understanding of the unique scientific challenges facing their new pharmaceutical R&D projects, which better positions the Company to press ahead with such projects in the late development stage. The Company's profound industry knowledge, strong execution capability and end-to-end solutions will shorten the drug discovery and development cycle and reduce the associated risks, thereby creating value for customers. As a fully-integrated pharmaceutical R&D service provider, the Company's comprehensive pharmaceutical R&D services platform has the following three core competences:

(1) *Comprehensive chemistry platform throughout the entire drug R&D and commercial stages*

As a fully-integrated service provider for the research, development and manufacturing of small molecule pharmaceutical products, the Company's expertise and advantage in chemistry technology is crucial throughout the whole drug R&D process.

With the comprehensive chemical technology platform covering compound design (including CADD), design and synthesis of a compound library, medicinal chemistry, synthetic chemistry, analytical chemistry, early process chemistry, and process chemistry and GMP API manufacturing, the Company can satisfy customers' demand for pharmaceutical R&D and manufacturing in each stage of the pharmaceutical R&D process, including laboratory synthesis process at the drug discovery stage, small-scale process and GLP/GMP manufacturing at the preclinical drug development stage, mid-scale process and GMP manufacturing at the clinical stage as well as process development for GMP commercial manufacturing, which fully cater to the diversified needs of different types of customers. In addition to providing R&D services for the compound synthesis process, combined with its formulation development services, the Company is able to provide customers with fully-integrated pharmaceutical R&D and manufacturing solutions from initial compounds to finished dosages.

(2) *DMPK/ADME service platform throughout the entire drug R&D process*

The Company provides DMPK/ADME services covering the whole R&D process from drug discovery to development. The early DMPK/ADME studies are of great importance as they can provide a key basis for our customers to determine their late-stage drug development strategy. Radioisotopic analysis technology is critical as an important drug metabolism analysis technology during the clinical stage. Following the approval of the radioisotopic use license at the Company's clinical center in the U.S. in early 2018, the Company is the only pharmaceutical R&D service provider that offers integrated pharmaceutical R&D solutions, which cover radioisotope compound synthesis and human ADME studies using regular isotope analysis technology or high-sensitivity AMS technology. In addition, with acquisition of Absorption Systems, the Company broadened its global service network and further strengthen its leading position in discovery and development DMPK platform.

(3) *Comprehensive integrated platform from drug discovery to proof-of-concept (POC)*

From inception, the Company has committed to the establishment of integrated services platform from drug discovery to proof of concept stage, which covers compound design, compound library synthesis, synthetic and medicinal chemistry, biology, DMPK, pharmacology, toxicology, drug safety assessment, radiolabelled chemistry and DMPK, clinical pharmacology, clinical bioanalysis, clinical data statistics, chemical process development and API manufacturing and formulation and drug product manufacturing. With this comprehensive integrated services platform, the Company has undertaken many integrated research projects, and achieved a considerable number of milestones. In addition, the Company can also provide a customized service package at a particular stage of drug R&D process, such as an integrated service package for IND enabling which includes preclinical safety assessment, early process development and manufacturing, pharmacology, DMPK and clinical proposal. With this comprehensive IND enabling solutions and the ability to support IND filing for different jurisdictions, it provides flexibility to the customers, accelerates their drug development process and reduces their overall R&D costs.

***Global operations, profound experience in pharmaceutical R&D and state-of-the-art technologies to provide customized solutions***

The Company operates globally through our 16 laboratories, clinical and manufacturing facilities in China, the U.S. and the U.K., of which 8 operating facilities from overseas. The Company's profound experience in global pharmaceutical R&D, together with its global operations and world-class technical capabilities, allow us to offer our customers a unique proposition that combines our technical expertise in different geographic location and efficient services with seamless integration. The Company has a proven track record of offering customized solutions to customers to address their specific needs by integrating the expertise from our global operations.

It is the Company's core strategy for each international acquisition to effectively integrate with our global services platform and brought in the world class talent and facilities into our integrated services platform to further strengthen our overall services capabilities and increase the efficiency of our services. These strategies complement each other to effectively improve the Company's international operation capability and bring high value-added services to customers. For example, our process chemistry and drug discovery team in U.K. and China worked closely together to provide customized solutions with hybrid model which continued to gain recognition from customers.

Through our global operation, the Company has established a services network and strategic presence in global life science hubs which enhance the customer communication and understanding of customer needs. Also, by carrying out our R&D services under different jurisdictions, it provides flexibility to customize our services solutions that best suit our customers' geographic and strategic needs. The clinical pharmacology team in the U.S. has worked seamlessly with our Chinese team to help customers in China for the preparation and filing of IND application and conducted the first-in-human (FIH) studies in the U.S. In addition, the Company's experience in regulatory filings in various jurisdictions and its service model of providing customers with total solution enable our customers to file IND applications for their drug candidates in China, the U.S., or EU in parallel, which makes the IND applications of our customers more flexible and efficient.

***Committed to utilizing innovative technologies to meet evolving R&D needs and increase efficiency***

Since inception, the Company has put great emphasis on technology and innovation to fuel the constant growth of the business and satisfy the evolving R&D needs. It develops new technologies through multiple measures such as internal research and development, collaboration with academic and professional institutions, customer collaboration and acquisitions. In recent years, the Company has been strategically developing new technologies and capabilities in chemistry and bioscience areas, and committed to further strengthening of the integrated services platform.

In the chemical synthesis and manufacturing technology area, we focus on the application of the high throughput chemical reaction screening platform, flow chemical technology and biocatalysis technology. Using infinitesimal reaction materials to attempt a reaction condition, the high throughput chemical reaction screening platform can assess dozens or even hundreds of catalytic reaction conditions in a short time, to assist in finding the best synthetic solutions. In 2020, it assisted the chemistry departments in resolving nearly 2,000 challenging chemical reactions. The flow chemistry team completed more than 50 different types of flow reaction projects with the largest scale up to 140kg. Furthermore, the Company established a dedicated biocatalysis department in 2020, which had developed nearly 1,000 biocatalytic enzymes for a wide range of organic synthesis reactions, including oxidation, reduction, transamination, esterification and ester hydrolysis.

In the discovery and bioscience area, the Company had established DNA-encoded Library (DEL) screening platform, chemoproteomics platform, *in vivo* imaging technology platform and 3D spheroid and organoid screening platform. In 2020, the Company conducted hit screening campaigns using Pharmaron DEL against the new biological target of interest and successfully identified several novel hit compound series for the customers, which not only helped our customers to speed up their drug discovery programs, but also laid concrete foundation for attracting more customers for our DEL services. The chemoproteomics platform



using activity and reactivity-based probes together with proteomics profiling allows quick identification of interacting proteins and targets within the cells or tissues. The *in vivo* imaging technology platform can provide valuable data to support drugability evaluation with respect to the efficacy and safety of potential drugs. Our image technology platform can quantify potential drugs' tissue distribution dynamically in rodent tumor model using radioisotope labelled compounds. In addition, we had developed a simplified method that could conduct isotopic tracing and assess the qualitative and quantitative distribution of compounds in animal at different time points in a faster, more efficient and low-cost manner which can further promote the application of such technology in early drug discovery programs. Also, we are in the process of building up 3D spheroids and organoid screening platform which are closer to the complex *in vivo* conditions as compared to traditional 2D culture. Using 3D spheroids and organoids as *in vitro* assay platform to investigate the potential efficacy and safety of drugs has more clinical significance.

***Dedicated, stable and visionary management teams, experienced talent pools with progressive corporate culture***

The Company's management team is led by Dr. LOU Boliang, our chairman and chief executive officer. With over 30 years of experience in the pharmaceutical industry, he is highly respected in the industry for his excellent leadership that contributes to the Company's rapid development. The Company's senior management team has been with us for more than 10 years. The Company has nearly 100 senior scientific and technical leaders, 3 of whom were named as National Talents and 15 named as Beijing Talents. Members of our highly skilled, experienced and international management team possess diverse expertise and extensive knowledge, and have significantly contributed to the growth of the Company's institutional knowledge base. The Company focuses on its home-grown scientific team consisting of selected, young and promising scientists, which enables us to form a cohesive and vibrant mid-level management team composed of nearly 2,000 technical managers and high-caliber scientific research talents across all scientific disciplines of the Company. In addition, the Company's visionary management team has established a highly experienced and skilled talent pool with strong execution efficiency. As of December 31, 2020, the Company had over 9,800 R&D, production technology and clinical services staff in China, the U.K. and the U.S.. The highly professional technical team ensures the Company's continuous provision of high-quality R&D services for customers. The open platform for talent development ensures that the Company will continuously attract talents from around the globe.

The Company is committed to its corporate philosophy of "Employee First and Customer Centric" which puts strong emphasis on employee training and improves all mechanisms so as to integrate their career development into the Company's overall development strategy. In order to develop and train our talents, the Company provides training to our employees through our in-house training system including the "Pharmaron College", visiting scholar programs at renowned laboratories and institutions and holds various seminars, forums and academic symposiums regularly, through which our team members acquire updates on the most advanced technology and techniques of the industry. In addition, the Company has developed training programs with the world renowned universities and research institutes for high-caliber scientific research talent. The above measures have greatly improved the scientific research capabilities and cohesion of the Company and its employees. Furthermore, we respect and value every single customer so as to ensure R&D quality by tackling each technical challenges and complete every single tasks with integrity and scientific rigor.

Our dedicated, stable and visionary management team, experienced talent pool and outstanding corporate culture lay a solid foundation for the Company's long-term success.

***Reputable, loyal and expanding customer base that contributes to our sustainable growth and business collaboration***

The Company has a large, diverse and loyal customer base consisting of more than 1,500 customers, including the global top 20 pharmaceutical companies and numerous reputable biotech companies. In 2020, the Company introduced 721 new customers, with over 90% of revenue contributed by the Company's large, diverse and loyal repeat customers. The Company's fully-integrated solution and deep understanding of customers' needs allow it to provide customized pharmaceutical R&D services for customers according to their needs. With further progress made in the existing customers' projects, the loyal and growing customer base will enable us to develop new services in drug development and at the early clinical stage.

The Company benefits from its strategic partnership with specific customers. Through know-how sharing and training provided during our deep collaboration with these customers, the Company is able to further improve technical capabilities and enhance service excellence, thereby creating a virtuous cycle. With our strong technical expertise, advanced technological infrastructure, profound industry knowledge, strong execution capability and quality customer services, the Company is able to become our customers' strategic partner and help them form their drug development or R&D outsourcing strategies, which in turn reinforces our close relationships with such customers. In addition to our strong scientific capabilities, the Company puts emphasis on areas like environmental protection, health, safety and intellectual property protection. The Company takes such measures as establishing the intellectual property protection system and building the information system to ensure that our customers' intellectual properties are well protected, and is widely recognized and trusted by customers in this respect. The Company's high-quality services enable us to accumulate a good reputation among our existing customers, and to further expand our customer base by acquiring new customers through word-of-mouth referrals.

***Insight into industry trends and well positioned to capture growth opportunities arising from industry evolution***

The Company, with profound industry accumulation, large customer base and close partnership, keeps abreast of the global pharmaceutical R&D trends. It's strong awareness and understanding of evolving R&D needs allow the Company to be adaptive and expand into new emerging fields and implement innovative technology to better serve our customers.

It is a trend for pharmaceutical R&D companies to enter into deeper collaborations with their pharmaceutical R&D service providers that provide end-to-end services with good track records to achieve higher R&D efficiency. In addition, the number of biotech start-ups and their R&D investments increase rapidly. Out of consideration of costs and time efficiency, these biotech start-ups more extensively use the fully-integrated R&D services platform to support their pharmaceutical R&D programs. Through long-term collaboration with customers, the Company will contribute to transforming the drug R&D industry in a more efficient way and continuously benefit from the growing demand for pharmaceutical R&D services.

Along with the trend of the Chinese pharmaceutical industry shifting from generic drugs to innovative drugs and the rapidly increasing number of biotech start-ups in China, making it the fastest-growing pharmaceutical R&D services market across the world. The Company is well-positioned to capitalize on the strong growth drivers in China's pharmaceutical R&D industry and further strengthen its leadership in such a market.

**Growth Strategies**

The Group aims to solidify its leading position as a global fully-integrated pharmaceutical R&D service platform. In order to achieve this goal, The Group has been executing and will continue to execute the following key strategies:

***Continue to maintain our leading position in pharmaceutical R&D services of small molecule innovative drugs and further enhance our technologies and expand our global footprint***

Advanced technologies are crucial for the Company to maintain its leading position in the small molecule area. The Company will continuously invest in the latest small molecule technology to expand its services offerings. In addition, with the increasing demand from pharmaceutical community for integrated pharmaceutical R&D services solutions, the Company will continue to strengthen its end-to-end services platform to further improve its market competitiveness.

In addition, the Company will further enhance its ability to bring in world-class talent and state-of-the-art technologies to its integrated services platform through global footprint expansion. This will further enhance its ability in providing customized solutions to customers by integrating the expertise and presence from its global operations.

### ***Accelerate the buildup of biologics and CGT services platform***

While the Company maintains its leading position in pharmaceutical R&D services of small molecule innovative drugs, it plans to accelerate the build-up of its biologics and cell and gene therapy (CGT) services platform. The Company will continue to develop the biologics services capabilities by expanding its team and introduce more professional talent, accelerate the construction of biologics manufacturing capabilities and capacities in China, and establish a quality system that meet the highest international standard.

In addition, leveraging on the CGT product evaluation expertise and CDMO capabilities the Company acquired through the recent acquisitions of Absorption System and Allergan Biologics Limited, the Company believes it is well positioned to establish a global CGT service platform which provide unparalleled value proposition to its partners in this rapidly growing field of innovative therapies.

### ***Deepen collaborations with existing customers and broaden customer base***

As a leader in the global pharmaceutical R&D service industry, the Company has provided high-quality services to over 1,500 biotech and pharmaceutical customers worldwide. As the Company continue to expand its capabilities downstream to late clinical-stage development and commercial manufacturing, it plans to leverage its loyal customer base and further deepen its business collaborations with existing customers to cross-sell its diverse and comprehensive service offerings to them and further increase its market penetration. In addition, the Company also plans to leverage its dedicated business development team and deep industry knowledge to further expand its customer base, in particular among the fast-growing start-up and virtual biotech companies. The Company believes the breadth and depth of its integrated and customized solutions and quality services, combined with its reputation accumulated from existing customer relationships, position the Company well to capture an increasing share of its customers' R&D spending as their business grow. The increasing capacity and further enhanced capabilities in CMC and small molecule CDMO services will also provide the Company with greater growth potential, in particular in the China market.

In the overseas market, the Company will continue to maintain its solid relationships with its existing customer base, deeply analyze and explore customer needs, expand its service offerings, and introduce new customers with the help of its reputation and brand influence. In the domestic market, the Company will pay more attention in cultivating the domestic market and adopt a specific market strategy to address the domestic needs to improve its competitiveness in the domestic market. With the increase of the Company's late stage CMC (small molecule CDMO) service capacity, it is seeking further expansion in the domestic market.

### ***Continue to enlarge our talent pool and enhance our operation efficiency to support long-term and sustainable growth***

The Company believes its scientists and research technicians are crucial to its ability to provide high quality services to the customers and it will continue to uphold its corporate philosophy of "Employee First and Customer Centric". To maintain the high service quality and industry leading expertise, and to continuously meet its customers' evolving demands, the Company will continue to recruit, train, promote and retain the most talented individuals in its industry. In addition, it will continue to nurture future scientific and management talents within the Company through the Pharmaron College and other training programs and initiatives. Furthermore, the Company has adopted various measures to attract and retain promising talents in its industry. With its recruiting efforts, global footprint, fully-integrated platform and competitive compensation package including share-based incentives, the Company believes it will effectively secure its demand for the talents and serve its customers beyond boundaries.

To enhance its management efficiency and achieve a sustainable growth, the Company will further integrate its global resources and improve the execution efficiency of its management team to better support its global expansion strategy.



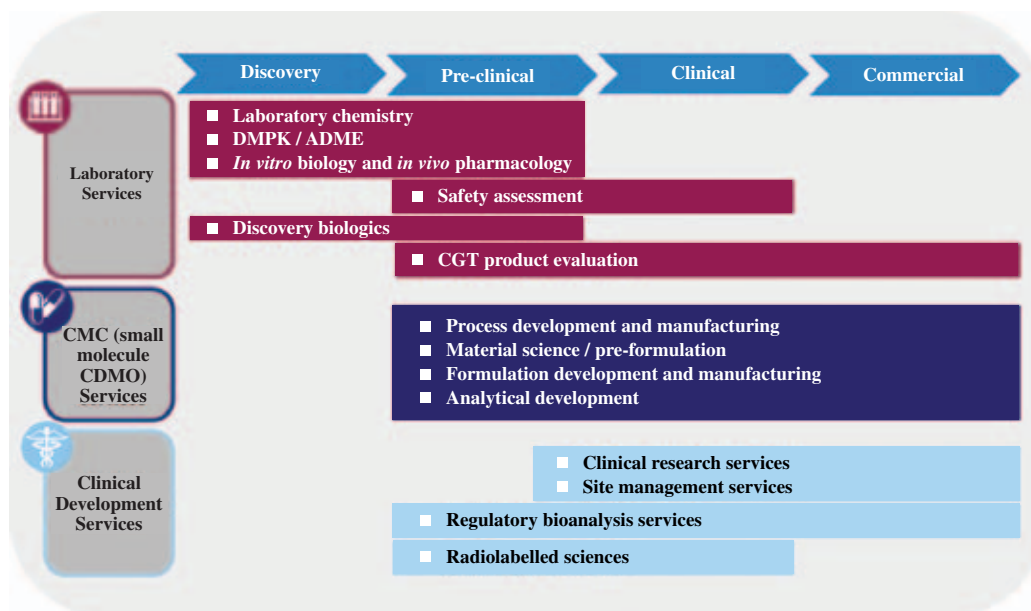
## Our Platform and Integrated Solutions

We are a leading fully-integrated pharmaceutical R&D service platform with global operations. Since our inception, we have successfully evolved from a pure chemistry service provider through drug discovery, to a fully integrated contract research, development and manufacturing organization, providing services across scientific disciplines covering the entire spectrum of drug discovery and development. In addition, leveraging our comprehensive service offerings, we provide integrated and customized solutions to pharmaceutical and biotech companies throughout the entire pharmaceutical R&D process.

The pharmaceutical R&D process mainly consists of four stages: (i) drug discovery, (ii) preclinical development, (iii) clinical development and (iv) commercialization. Our integrated solution combines pharmaceutical R&D services under three major service segments: laboratory services, clinical development services and CMC (small molecule CDMO) services. Our laboratory services primarily cover various scientific functions and disciplines for drug discovery and preclinical development stages; our clinical development services primarily cover various scientific functions and disciplines for clinical development stage; and our CMC (small molecule CDMO) services primarily cover the preclinical, clinical and commercial manufacturing stages.

We have established our leadership in drug discovery and early-stage clinical development, while we continue to expand our capabilities in late-stage clinical development and commercial manufacturing. Through our end-to-end service platform, we serve the needs of our diverse, expanding global customer base, which ranges from large multinational pharmaceutical companies to venture-backed start-ups and virtual biotech companies. We provide our customers with world class services, customized solutions and state-of-the-art technical capabilities, enabling them to advance research projects and clinical studies in an accelerated format and potentially reduce associated R&D costs and risks, to relieve the need to invest significant resources to develop their in-house capabilities and to improve overall efficiency throughout the drug discovery and development process.

The chart below illustrates our key service offerings in each stage of the pharmaceutical R&D process:



### Laboratory Services

Our laboratory services primarily include laboratory chemistry, DMPK/ADME, biology services, safety assessment and discovery biologics services that primarily focus on the discovery and development of small molecule drugs. As of December 31, 2020, we had 5,685 employees under our laboratory services segment. Our laboratory services segment contributed to 65.2%, 63.3% and 63.6% of our revenue for the years ended December 31, 2018, 2019 and 2020, respectively.

## Laboratory Chemistry

We provide efficient and innovative chemistry services in support of customers' medicinal chemistry and drug discovery research. With the leadership of an experienced synthetic and medicinal chemistry management team, we employ nearly 4,000 chemists designing and synthesizing compounds to meet the needs of our partners in a timely and cost-effective manner.

### Medicinal Chemistry

Our medicinal chemistry services support our customers' needs for hit identification (HI), lead generation (LG) and lead optimization (LO) programs, including novel scaffold design for hit identification, preliminary intellectual property (IP) analysis of newly designed scaffolds, synthesis of focused libraries for LG and LO, structure-activity relationship analysis based on *in vitro* and *in vivo* data, computer-aided drug design (CADD) and diversity analysis, non-cGMP scale-up to support *in vivo* efficacy and toxicity studies, patent application preparation, recommendation of appropriate DMPK and *in vitro* toxicology studies to help key compound advancement, and project management.

Using CADD, our modeling team constructs and analyzes models of small molecules to address questions encountered in the progression of drug discovery projects regarding potency, selectivity and metabolic stability. The CADD team uses an array of computational tools and resources and works closely with our partners' chemistry team, as well as our own chemists and structural biologists.

### Synthetic Chemistry

Our organic chemistry services design synthetic routes and prepare targets in milligram to kilogram scales. We are able to organically synthesize novel compounds with complex structures, perform chiral chemistry via asymmetric synthesis, optical resolution, chiral separation (high-performance liquid/supercritical fluid chromatography), bio-organic chemistry including nucleosides and nucleotides, carbohydrates, peptides, lipids and antibody-drug conjugates, library synthesis of diversity compound collections or those designed for specific targets, and DNA-encoded library synthesis.

To support our partners' efforts to expedite the drug discovery process, we have assembled world-class capacity in routine library and DNA-encoded library synthesis. Our experienced library teams are capable of efficiently validating synthetic routes and carrying out library synthesis. The laboratories at Pharmaron are equipped with all necessary modern instruments including synthesizers, microwave assisted reactors, automated HPLC and mass spectrometry-based purification systems, liquid chromatography-mass spectrometry and nuclear magnetic resonance spectroscopy, compound management and plating systems.

In addition, our discovery process chemistry team has a proven track record of providing advanced intermediates and active pharmaceutical ingredient scale-up. Our team supports programs from late-stage lead optimization, facilitating candidate selection through preclinical development. We provide a wide range of services that enable rapid development of candidate compounds to accelerate programs to key preclinical milestones. Route design/synthesis services provided by Pharmaron include designing new routes for complex targets, applications of the latest synthetic methodology and catalytic and asymmetric approaches. Optimization of existing synthetic routes includes reaction screening, statistical approaches in experiment design and intermediate stability studies. Compound purification and isolation improvement services include the development of robust isolations, physical form monitoring, classical resolutions and impurity isolation and identification. Pharmaron's process safety evaluation services include generation and interpretation of data to ensure safe scale-up, a suite of techniques used to provide robust data readouts, and reaction calorimeter, adiabatic calorimetry, differential scanning calorimetry and power compensation calorimetry.

## Discovery Analytical Chemistry and Purification Sciences

Our analytical chemistry services provide analytical services to support library chemistry, medicinal chemistry, synthetic chemistry and discovery process chemistry programs. The analytical and purification team at Pharmaron, equipped with state-of-the-art instruments, provides services specialized in chiral and achiral separation and purifications, such as those listed below:

- Analytical method development for chiral separations;
- Chiral separation from milligram to multi-kilogram scale;
- Achiral and chiral supercritical fluid chromatography purification and crude sample purification;
- High-throughput quality control and purification for library compounds, including DNA-encoded libraries;
- Compound characterization and authentic material characterization;
- Genotoxic impurity method development;
- Ion analysis by ion chromatography;
- Metal method development and analysis by ICP-OES and ICP-MS;
- Structure confirmation studies and elemental analysis;
- Impurity structure elucidation studies; and
- Nuclear magnetic resonance spectroscopy (NMR) and quantitative NMR services for structure elucidation of isolated impurities by acquisition and interpretation of comprehensive 1D/2D NMR data.

### *DMPK/ADME*

We provide high-quality DMPK/ADME services to support drug discovery and development programs from early discovery stages through IND submission. The DMPK/ADME services offering which integrates with laboratory chemistry, CMC (small molecule CDMO), *in vivo* pharmacology and safety assessment, assists customers in successfully identifying preclinical candidates and preparing IND applications.

We offer comprehensive *in vitro* ADME, *in vitro* toxicity and *in vivo* DMPK services that allow for the rapid evaluation of the DMPK properties and toxic potential of test compounds. The team performs screening assays covering a broad spectrum of *in vitro* ADME studies to support discovery and preclinical needs, with data types including solution properties, permeability, enzymatic stability and drug-drug interaction potential.

We also offer *in vivo* DMPK, toxicokinetics (TK) and formulation analysis services to support drug discovery and the preclinical development for small molecules, peptides, nucleosides/nucleotides and biologics. The *in vivo* DMPK team working together with *in vivo* pharmacology team conducts PK/PD studies to help confirm the exposure levels of a test compound, metabolites and biomarkers in systemic circulation, excreta and tissues, particularly target organs, while assisting in understanding the correlation between a test compound's exposure and its PD effects using diseased or healthy animal models.

Meanwhile, we conduct DMPK studies to support the preparation of comprehensive IND filing DMPK package that meet FDA, NMPA and EMA regulatory requirements. The DMPK package includes comprehensive *in vitro* and *in vivo* ADME profile of the test article – a preclinical candidate.

In addition to our IND filing package services, we provide GLP/GCP-compliant analytical and bioanalytical services to support preclinical to clinical studies for small molecule drugs, biologics and vaccines, from API pharmacokinetics to PD biomarkers and from mass balance studies on rodents by quantitative whole-body autoradiography to clinical metabolism and absolute bioavailability studies by micro-dosing of a radiolabelled API in human.

#### *in vitro* Biology and *in vivo* Pharmacology

We provide *in vitro* biology and *in vivo* pharmacology services to support drug discovery and development programs. Our services cover major therapeutic areas such as oncology, cardiovascular and metabolic diseases, neuroscience, inflammation/pain management and immunology.

#### *in vitro* Biology

Our *in vitro* biology services support drug discovery and development to help our partners succeed in target validation, hit identification, hit-to-lead, lead optimization and selection of preclinical candidates. Our scientists and technicians are experienced in biochemistry, cell biology, high throughput screening (HTS), structural biology, electrophysiology and protein engineering, and have expertise in key therapeutic areas including oncology, immuno-oncology, metabolic disorders, immunology, inflammation and neuroscience and pain management. The *in vitro* biology services are described in more detail below.

- *in vitro* Screening. Our *in vitro* screening center is designed to advance novel compounds from early-stage discovery to the clinical development stage, with capabilities including HTS, assay development, primary, secondary/cellular, selectivity and *in vitro* safety pharmacology screening and studies of mechanism of action. We have target-based screening platforms covering enzymes, ion-channels, G-protein- coupled receptors (GPCRs) and nuclear receptors to support discovery programs. The *in vitro* safety pharmacology screening covers kinases, GPCRs, nuclear receptor and ion channel panels.
- *in vitro* Disease Biology. Our *in vitro* disease biology team works closely with our customers on specific projects, including evaluating biological targets, developing and validating assays, screening compounds and providing project-tailored work flows to meet project-specific goals.
- Structural Biology. Our structural biology team provides services in protein expression, purification and crystallization, crystal structure determination and analysis of macromolecule and small molecule complexes. The structural information will help biologists to understand the mechanism of action of the biological target in signal transduction pathways and also provide the computational chemists with the structural information to facilitate the modeling work in design of novel compounds.
- Compound Management System. Our compound management system is a tailor-made, automated system that stores, archives and handles compounds in either solid or solution format. The system is composed of a high-throughput liquid/plates handling platform and a secured sample storage platform, complemented by sophisticated data management and processing software. It supports the assays needed by *in vitro* biology and *in vitro* ADME, with high precision, accuracy and reproducibility.



## in vivo Pharmacology

Our *in vivo* pharmacology services consist of *in vivo* and *ex vivo* pharmacology services in therapeutic areas of oncology, cardiovascular and metabolic disorders, inflammatory diseases, central nervous system (CNS) diseases and pain. Our scientists and technicians possess significant experience in disease model establishment and validation for efficacy screening, *in vivo* pharmacology profiling, PK/PD and mechanism of action studies and customized studies, and are supported by our internal PK/bioanalytical, *ex vivo* pharmacology and *in vitro* biology teams as part of our integrated service offering.

The *ex vivo* analysis of samples derived from *in vivo* study animals is to confirm the *in vivo* effect of test articles and to identify the correlation between *in vivo* efficacy and biomarkers. With data for test article's exposure in animals, conducted by our DMPK and *in vitro* biology teams, a PK/PD correlation could be established to better understand the test article's behavior *in vivo*.

## Safety Assessment

We provide comprehensive, GLP-compliant safety assessment services to support discovery programs as well as regulatory filings with the FDA, NMPA and EMA. The evaluation of the safety of new drug candidates includes general toxicology, safety pharmacology, genetic toxicology, developmental and reproductive toxicology (DART) to immunotoxicity and immunogenicity in support of customers' IND and NDA submissions at our international GLP-compliant and AAALAC-accredited safety assessment facility. Our safety assessment services primarily cover:

- *General Toxicology.* We help our partners plan and conduct general toxicology studies to support pharmaceutical development programs in small molecule drugs, biologics, cell and gene products, herb medicines and medical devices. The types of studies that we conduct include acute/single dose, sub-chronic and chronic studies, in both large and small animal species, which can be performed in a GLP compliant manner to meet regulatory submission requirements.
- *Safety Pharmacology.* We offer core battery safety pharmacology studies in both large and small animal species, either as a stand-alone study or incorporated within broader toxicology studies, on the central nervous system, cardiovascular system and respiratory system. These studies can be performed in a GLP compliant manner to meet regulatory submission requirements.
- *Genetic Toxicology.* Our genetic toxicology services provide genotoxicity screening assays for discovery programs and standard GLP genotoxicity assays to establish compliance with regulatory guidelines for regulatory submission purpose.
- *DART.* Our DART services are for evaluating developmental and reproductive toxicity of various types of test articles, particularly pharmaceutical agents. The studies can be performed in a GLP compliant manner to meet regulatory submission requirements.
- *Pathology.* Our pathology services provide pathologic assessments and interpretations including clinical pathology, necropsy, histology, and histopathology, to support tox studies in a GLP compliant manner.
- *Immunotoxicity and Immunogenicity.* Our technology platforms include immunochemistry, immunohistochemistry, flow cytometry, heat-mediated enzyme-linked immunosorbent assay (HELISA), real-time PCR (qPCR) and next generation sequencing platforms, through which we are able to help our customers evaluate a wide range of test articles, including antibodies, recombinant proteins and siRNA.
- *Bioanalytical Sciences.* We provide bioanalytical services in support of safety assessments of small molecule drugs and biologics, cell and gene products, and herb medicines including method development and validation, dose formulation analysis, bioanalysis of preclinical samples, in a GLP compliant manner.

### *Discovery Biologics*

Our discovery biologics services focus on cell line development, antibody/protein engineering, Fc-fusion proteins, antibody humanization, recombinant antibody production, protein expression, purification and characterization. We have extensive experience in various protein expression systems and are capable of purifying recombinant proteins from various cells or native proteins from animal organs or tissues. We are also experienced in preparation of ADCs and pegylation of proteins post-protein expression. With these capabilities, we can help discover and re-engineer novel antibodies/proteins for therapeutic purpose and also provide special cell lines and antibody/protein to support *in vitro* biology and *in vivo* pharmacology project needs.

### *U.S. Laboratory Services*

To further strengthen our fully-integrated services platform and continue to expand our global footprint, we acquired Absorption Systems in November 2020 and launched U.S. laboratory services through such acquisition. Our U.S. laboratory services mainly include DMPK/ADME and bioanalysis for both small molecules drugs and biologics, particularly in transporters, human PK prediction and translational pharmaceuticals. With our global network of laboratory services capabilities, we will further strengthen and consolidate its leading position in discovery and development DMPK platform. In addition, our U.S. laboratory services also include drug evaluation services for cellular and gene therapy (CGT) products and laboratory services in the areas of ophthalmology and medical devices.

### *Clinical Development Services*

Our clinical development services include clinical research, regulatory bioanalysis, radiolabeled sciences and site management services. With our capability to provide clinical development services in the U.S., the U.K. and China, we are able to meet the customized needs of our domestic and international partners. We can also file investigational new drug (IND) applications for their drug candidates with regulatory authorities in China, the U.S. and Europe in parallel. In 2020, we submitted 58 IND applications for our pharmaceutical and biotech customers in China, among which 46 were IND applications targeting multiple jurisdictions (include China, the U.S. and EU), which demonstrated the advantage of and strong demand for our total solution approach. As of December 31, 2020, we had 2,208 employees under our clinical development services segment. Our clinical development services segment contributed to 11.9%, 12.1% and 12.3% of our revenue for the years ended December 31, 2018, 2019 and 2020, respectively.

### *Clinical Development Services Offered by Our Overseas Subsidiaries*

Through our overseas subsidiaries in the U.S. and the U.K., we provide clinical research, bioanalysis and radiolabeled services to our customers.

### *U.S. Clinical Research Services*

Our clinical research center in Baltimore specializes in integrated FIH, Thorough QT/Early Phase QT, human abuse potential and Chinese/non-Chinese ethnobridging studies, with a therapeutic focus on infectious disease, CNS, dermatology, metabolism and respiratory diseases, to conduct Phase I and II clinical trials in support of clinical development. In addition, the clinical center can also conduct <sup>14</sup>C-microdosing and <sup>14</sup>C-macrodosing to support clinical PK and metabolism studies, using AMS and liquid scintillation counting (LSC) analytical platforms.

Our services primarily include:

- *First-in-Human (FIH) study.* While the clinical research center offers services to conduct routine FIH study, evaluating innovative investigational drugs' safety, tolerability, PK and food effect, we can incorporate multiple objectives into a single Phase I protocol, to answer specific questions in FIH studies include complex drug delivery, adaptive designing including dose level and formulation development, QT de-risking, thorough QT investigation, ethnobridging study, PD assessments and studies for early proof-of-concept.  $^{14}\text{C}$ -microdosing and  $^{14}\text{C}$ -macrodosing for absolute bioavailability and metabolism studies can be incorporated into the FIH study, or as separate studies.
- *Single-site Phase II Studies.* Through our established network of local academic sites, hospitals and private practice physicians, we utilize Pharmaron's clinical center in Baltimore as a single data collection center, which is fed by many recruitment centers. The use of a single site for data collection yields consistent, high-quality data collection and reporting.

All the analytical studies associated with the clinical studies are carried out in our designated analytical labs for bioanalysis of small molecule and biologic samples, biomarker analysis and clinical pathology tests.

#### Regulatory Bioanalysis Services

All the analytical studies associated with the clinical studies are carried out in our designated analytical laboratories for bioanalysis of clinical samples of small molecule and biologics, and biomarker analysis and clinical pathology tests. Our clinical bioanalytical team aims to develop and validate reliable and robust bioanalytical methods and to provide high-quality bioanalytical services with high levels of data integrity and GCP compliance to meet the requirements of major global regulatory authorities (such as the FDA, NMPA and EMA). We provide bioanalysis services for small molecules and biologics:

- *Bioanalysis of small molecules:* Our small molecule bioanalysis team conducts method development, method validation, quantitative analysis for API and metabolites of small molecules and small molecule-based biomarkers, using HPLC and LC/MS/MS analytical tools for quantitative analysis to support the clinical trials.
- *Bioanalysis of biologics:* Our biologics bioanalysis team performs method development, method validation, quantitative analysis for biologics, including biomarker analysis using mesoscale discovery, Gyros HELISA, qPCR and flow cytometry and other techniques to support the clinical trials.
- *Bioanalysis of  $^{14}\text{C}$ -API and  $^{14}\text{C}$ -metabolites:* Our isotope bioanalysis team carry out  $^{14}\text{C}$ - or  $^3\text{H}$ -material method development, method validation, quantitative analysis for  $^{14}\text{C}$ - or  $^3\text{H}$ -API,  $^{14}\text{C}$ - or  $^3\text{H}$ -metabolites,  $^{14}\text{C}$ - or  $^3\text{H}$ -biologics, using either AMS and/or LSC analytical tools to support the isotope related clinical studies.

The global presence of our bioanalytical capability (in China, the U.S. and the U.K.) makes our bioanalysis platform readily available to clinical research centers globally, which enables us to accelerate the clinical development process for our customers.

## Radiolabelled Sciences

Our experienced synthetic chemists, analytical chemists and drug metabolism scientists help our customers synthesize  $^{14}\text{C}$  and  $^3\text{H}$  radiolabeled compounds to study their absorption, distribution, metabolism, excretion and fate of a wide variety of compounds in clinical, preclinical and discovery investigations.

### Radiolabelling/Radiosynthesis

Our radiochemistry specialists provide expert advice on radiosynthesis, preparation and release of radiolabeled test compounds for use in non-clinical and clinical drug development and in environmental fate studies. With our years of dedication in the radiochemical synthesis field, our cGMP- and/or GLP-compliant state-of-the-art laboratory facilities have made approximately 40,000  $^{14}\text{C}$  labelled and approximately 10,000  $^3\text{H}$  labelled molecules. We offer complete management of the radiosynthesis process, from labelling position selection, optimizing radiosynthetic pathways, final product analysis to re-purification and recycling options.

We also offer covalent radiolabeled/radiotagging techniques with  $^3\text{H}$  and  $^{14}\text{C}$  for biologics. Our AMS analytical platform can analyze  $^{14}\text{C}$ -material in an ultra-sensitive manner, allowing ultra-low abundance of  $^{14}\text{C}$ -materials to be analyzed with high accuracy, precision and reproducibility to meet the GCP/ICH guidelines for regulatory submission. By employing our AMS analytical platform, we provide services to analyze  $^{14}\text{C}$ -materials in samples taken from clinical and non-clinical studies. This high sensitivity analytical platform allows  $^{14}\text{C}$ -microdosing or  $^{14}\text{C}$ -microtracer approach in clinical studies to become available. Our team including AMS specialists and clinical experts helps design  $^{14}\text{C}$ -microtracer included clinical studies, such as absolute bioavailability in human and clinical metabolism studies. Our clinical and AMS teams design and execute the study plans following GCP/ICH guidelines to ensure high quality of data and data integrity.

We also provide services using other conventional analytical tools to conduct analysis of  $^{14}\text{C}/^3\text{H}$ -labelled materials in samples taken from clinical studies, to answer questions associated with clinical metabolism, following GCP/ICH guidelines for regulatory submission. These conventional analytical tools include LSC platform, which, more than often, meets the needs for clinical metabolism study using  $^{14}\text{C}/^3\text{H}$ -macro dosing approach.

### AME Study of Radiolabelled Compounds

We provide comprehensive services to support  $^{14}\text{C}$  radiolabeled studies in humans. Together with our clinical research team, our integrated solutions include  $^{14}\text{C}$  radiosynthesis of compounds suitable for human administration, mass balance, metabolite analysis (metabolite profiling/identification), drug-drug interaction and PK for traditional high-radioactive dose studies using LSC analysis. We also support low-radioactive dose studies (microtracer and microdose) employing clinical protocols using nCi tracer doses of radioactivity in humans with ultra-sensitive AMS analysis for clinical metabolism and absolute bioavailability studies.

### *Clinical Development Services Offered by Our PRC Subsidiaries*

Primarily through CR Medicon and Beijing LinkStart, our subsidiaries in China, we provide clinical research, bioanalysis and site management services to our customers.

## China Clinical Research Services

We provide clinical research services in China through our subsidiary CR Medicon, a full-service clinical CRO established in 2017 and located in Nanjing, China. Our clinical research services provided through CR Medicon primarily include:

- *Regulatory and Registration.* Our team provides services for IND and NDA registration for small molecule drugs, biologics and medical devices for domestic and foreign pharmaceutical companies.
- *Medical Affairs.* We provide medical affairs service to develop optimal clinical development plans, providing high-quality clinical trial design and draft as well as preparation of registration dossier. The medical monitoring team focuses on medical monitoring services for clinical research.
- *Clinical Operation.* Our clinical operation service covers Phase I-III, bio-equivalence and medical device clinical studies. As a basis of our complete project management process, we have on-site auditors in approximately 100 cities across China to assist in monitoring clinical trials, to ensure that the clinical studies are conducted under GCP/ICH guidelines and data integrity is intact and ensure the smooth implementation and timely completion of the project.
- *Data Management and Statistical Analysis.* Our data management and statistical specialists strictly implements the CDISC rules, follows the GCP guidelines and our internal and customers' standard operating procedure (SOP) workflows, and design custom solutions based on sponsors' requirements. From protocol design to the entire project management, we provide flexible and convenient services that ensure smooth and unobstructed communications between regulatory authorities and researchers.
- *Pharmacovigilance.* We provide pharmacovigilance solutions, including IND-filing needed information on the establishment of pharmacovigilance system, safety management plan, the individual case safety report (ICSR), and drug safety update reports (DSUR).

## Regulatory Bioanalysis Services

The regulatory bioanalysis services provided by our subsidiaries in China are similar to those provided by our overseas subsidiaries as described above, and all the analytical studies associated with the clinical studies are carried out in our designated analytical laboratories for bioanalysis of small molecule and biologic samples, biomarker analysis and clinical pathology tests.

## Site Management Services

We provide site management services (SMO), which include site feasibility, site initiation, patient recruitment, patient management, data entry and document management, on-site drug management and bio-sample management till site closure. In order to provide our customers with fully integrated clinical development services, we acquired LinkStart in June 2020 which specializes in clinical site management services (including CRC services, hospital selection, study start-up (SSU), rapid start-up, recruitment and management, quality assurance and training and post-marketing studies) which further enhances the quality and efficiency of the clinical research services. As of December 31, 2020, LinkStart has approximately 1,500 clinical research coordinators and has established stable and long term collaboration relationship with over 600 national clinical research centers across China. LinkStart is particularly experienced in conducting clinical research for major therapeutic areas such as oncology, endocrinological diseases, cardiovascular diseases, infection and immune rheumatoid diseases. As of December 31, 2020, LinkStart has conducted over 1,000 clinical studies, of which approximately 85% are innovative drugs and biological products.

### *CMC (small molecule CDMO) Services*

Our experienced CMC (small molecule CDMO) service team delivers customized and cost-efficient solutions to drug development and manufacturing, including process development and manufacturing, material science/pre-formulation, formulation development and manufacturing, and analytical development services to support pre-clinical, clinical development and commercial manufacturing. As of December 31, 2020, we had over 1,900 employees under our CMC (small molecule CDMO) services segment and had 739 ongoing projects in different drug R&D stages, among which 487, 202, 47 and three were in pre-clinical, Phase I/II, Phase III and commercialization stages, respectively. Our CMC (small molecule CDMO) services segment contributed to 22.2%, 24.0% and 23.8% of our revenue for the years ended December 31, 2018, 2019 and 2020, respectively.

The quality assurance system of our CMC (small molecule CDMO) services has passed numerous quality audits by large international pharmaceutical and biotech companies and is in compliance with all applicable regulatory requirements. Our cGMP API and drug product manufacturing facility are qualified for manufacturing products to support clinical trials in key global markets, such as the United States, China and the EU. Our quality assurance system follows ICH guidelines and supports API and drug product development and manufacturing in compliance with cGMP requirements promulgated by the FDA, NMPA and EMA. It also provides support for the preparation of full regulatory data packages and documentation sets for regulatory filings and cGMP audits by customers in the United States, the EU and Asia.

We continue to invest on cutting-edge technologies of small molecule to provide value-added process optimization and manufacture services to domestic and foreign customers to meet their needs at different drug development stages. In providing CMC (small molecule CDMO) services, we have practiced the concept of green chemistry and vigorously applies new technologies such as flow chemistry and biocatalysis to develop safer and more efficient chemical processes for the customers. In addition, the chemistry team has further strengthened the competitive advantage of CMC (small molecule CDMO) full service jointly with the teams of material science, crystallization R&D and formulation. In terms of R&D and manufacturing capacity, we have facilities in Tianjin, Shaoxing, Ningbo and the U.K., and will continue to increase capacity to provide customers with services that consistently meeting their global quality standards and production requirement. In terms of customer services, leveraging on the integrated services platform and the technical experience accumulated over the years, our development and manufacturing services get involved at the early stage of the drug development projects and the solid foundation of the early stage projects has paved the way for the development of our commercial manufacturing business.

#### *Process Development and Manufacturing*

Our process chemistry specialists provide a broad range of services in our China and UK facilities for API development, from preclinical through NDA, as described below.

- Discovery and development of new and existing synthetic routes, fit-for-purpose optimization and scale-up from preclinical to NDA;
- Polymorph and salt/co-crystal screening for selection of an appropriate solid form for API development;
- Crystallization of API and intermediate for process development;
- Development of synthetic routes and scalable processes for complex organic molecules and APIs, such as macrolides, nucleotides and nucleosides, including those with synthetic sequences with over 20 steps;
- Definition and study of critical process parameters to support validation of chemical processes for the cGMP or non-cGMP production of APIs; and
- Discovery and development of cost-effective, safe and environmentally friendly synthetic routes for the commercial production of intermediates and APIs from kilograms to tons scales.

In addition, we provide manufacturing services for the development and production of small-molecule APIs at our facilities in China and the UK. Our multi-purpose cGMP kilo lab, pilot plants and manufacturing plants are capable of handling advanced intermediates and complex APIs. These facilities are equipped with glass-lined/stainless steel and hastelloy-alloy reactors with sizes ranging from 20–8,000 L.

We have successfully delivered multiple complex APIs with synthesis requiring more than 20 linear steps, involving asymmetric hydrogenations, air- and moisture-sensitive reactions, transitional metal catalysis reactions, high and low temperatures, high pressure and oxidations/reduction reactions. In both our China and UK facilities, we have completed hundreds of cGMP APIs to support Phase I-III clinical trials in the United States, China and Europe.

#### *Material Science and Pre-Formulation*

Our material science team provides services for discovery support and solid-state chemistry to solid form screening, process development and early formulation development, including drug discovery support for initial compound CMC profiling and preclinical formulation, pre-formulation of development candidates, polymorph and salt/co-crystal screening for solid form selection, crystallization processes of intermediate and API, control of polymorph and particle size and solid state and physicochemical analysis tailored to compound/material characteristics.

#### *Formulation Development and Manufacturing*

Our formulation development team designs, modifies and prepares formulations for oral administration, such as tablet, capsule, solution and suspension, to support preclinical, clinical and commercial needs.

Our cGMP facility manufactures clinical test materials for clinical trials, such as oral liquids and oral solid dosage forms with batch sizes up to 140 kg, and employs conventional technologies including wet granulation, roller compaction, encapsulation, tablet compression, film coating, bottle packaging and blister packaging, and enabling technology, including spray drying and wet milling.

#### *Analytical Development*

Our analytical chemists provide comprehensive analytical testing support for process development and the manufacture of drug substances and drug products. Our analytical team adheres to regulatory guidance on supply chain assurance for quality control. Our analytical capabilities include analytical method development and validation and quantitative analysis of drug substances, drug products and impurities which are used to obtain the critical information as below to meet the regulatory submission requirement:

- Reference standard characterization and qualification;
- ICH stability studies for drug substances and drug products;
- Impurity identification, characterization and profiling;
- Genotoxic impurity method development and validation;
- Genotoxic impurity lot analysis and issuing Certificate of Analysis (COAs);
- Trace metal method development and analysis;
- cGMP batch release testing for drug substances, drug product and issuing COAs;
- Process control strategies and analytical QC manufacturing support;
- cGMP NMR services for process support and quantitative NMR for API quantification studies;
- Formulation solubility, dissolution, disintegration and permeability studies; and
- Microbial limit tests and issuing COAs.

## ***Integrated Services***

Our integrated drug discovery services team, based in the U.K., the U.S. and China, leads small molecule drug discovery projects for our customers from hit identification to candidate selection. Services provided by our integrated drug discovery service team include CADD, medicinal and synthetic chemistry, DMPK/ADME, *in vitro* biology, *in vivo* pharmacology, safety assessment and discovery process chemistry to support the entire drug discovery process, delivering preclinical candidates. In addition, together with our IND-enabling service platform, we provide integrated services to enable IND application generation under GLP/ICH guidelines, which include DMPK, *in vivo* pharmacology, safety assessment, CMC and clinical plan, for IND submission to regulatory authorities such as FDA, NMPA and EMA.

In addition, we have a proven track record of offering customized integrated solutions beyond geographic boundaries. For example, our highly experienced drug discovery team based in U.K. works closely with our technical teams in China to provide a unique service model to meet our customers' needs by fully utilizing the strengths of our U.K. and China teams to accelerate the drug discovery process for our customers. Our clinical pharmacology team in the U.S. has worked seamlessly with our China team to conduct FIH studies in the U.S. after IND applications are prepared and submitted by the China team.

## **Our Customers**

We have provided our services to over 1,500 customers worldwide since our inception. Most of our customers are pharmaceutical and biotech companies, including many major global players. We have a diversified customer base, with customers located in North America, China, Europe and the rest of the world accounting for approximately 63.7%, 13.6%, 19.1% and 3.6%, respectively, of our revenue for the year ended December 31, 2020. In addition to large pharmaceutical companies, such as the global top 20 pharmaceutical companies in 2020, we also provide comprehensive and customized services responding to the needs of a growing group of diverse biotech start-ups and virtual pharmaceutical companies. In 2018, 2019 and 2020, we provided pharmaceutical R&D services to 846, 1,038 and over 1,500 customers, respectively.

We are devoted to enhancing the breadth of our services and providing customized services to target customers with unique needs and demands. We enjoy a high level of customer loyalty and have developed solid working relationships with many customers. Many of our customers return to us for additional projects, and our revenue generated from existing customers continued to increase. The total revenue generated from our five largest customers increased from RMB718.1 million for the year ended December 31, 2018 to RMB794.3 million for the year ended December 31, 2019 and further to RMB963.7 million for the year ended December 31, 2020. In 2018, 2019 and 2020, our five largest customers together accounted for 24.8%, 21.1% and 18.8%, respectively, of our revenue, and our largest customer accounted for 5.7%, 5.3% and 6.0%, respectively, of our revenue.

## ***Customer Services***

We are devoted to providing our customers with world-class pharmaceutical R&D services. Through our globally centralized business development team with solid scientific background, we deliver customer services to our customers without geographic and service boundaries. We assign a dedicated team of scientists and research technicians to each of our customers to provide better support. Our project team actively interacts with a customer's project-management team through emails, periodic reports and conference calls. To facilitate project management, we have developed and maintain an online system allowing a customer's project manager to monitor and report on the progress of its projects.

Our commitment to high quality services helped us to expand our customer base via word-of-mouth referrals. We conduct periodic customer satisfaction surveys with certain key customers, and use measureable key performance indicators to improve our planning, execution, evaluation and support. In addition, we benefit from our strategic partnership with selected customers. Through know-how sharing and trainings provided during our deep collaboration with these customers, we were able to further improve our technical capabilities and enhance our service excellence.



## **Suppliers**

Due to our comprehensive service offerings, we procure a wide variety of raw materials, such as experiment reagents, and equipment. The raw materials and equipment are generally readily available in the market through a number of suppliers in quantities adequate to meet our needs. We carefully select our suppliers based on factors including their qualifications, product selection, quality, reputation, pricing, business scale, technological strengths, quality management capabilities and overall services. In addition, we regularly monitor and review the performance of our suppliers and conduct on-site audits for our key suppliers on an as-needed basis. We have maintained stable relationships with many of our key suppliers.

We adopt a large-scale centralized purchase system for the regular purchase of raw materials commonly and frequently used in daily research and development, production and operations. Our procurement team manages the raw materials' inventory level by monitoring the status of our ongoing projects and incoming new projects and places orders with suppliers for any inventory that is expected to decline below targeted levels. Our procurement team also procures raw materials and equipment in accordance with our business expansion plan or to replace obsolete equipment on an as-need basis. We have established a complete supplier management system. We monitor and manage suppliers by setting out new supplier selection criteria and implementing a grading management system and evaluation criteria.

We seek to manage the impact of fluctuations in price of raw materials through various measures, such as acquiring raw materials locally to minimize transport costs, managing our stock levels and purchasing materials on consignment when necessary, and continuing to diversify and expand our supplier pool. We did not encounter any material shortage or delay in the supply of raw materials. In 2018, 2019 and 2020, our five largest suppliers together accounted for 12.4%, 10.8% and 9.3%, respectively, of our total purchases, and our largest supplier accounted for 3.1%, 2.5% and 2.3%, respectively, of our total purchases.

## **Quality Management**

We believe that an effective quality management system for procuring raw materials, research and development and manufacturing is critical to ensuring the quality of our services and maintaining our reputation and success. We have established an in-house quality management system and devote significant attention to quality control of raw materials and equipment and have adopted SOPs relating to quality management. We seek to ensure that our services consistently meet high industry standards and requirements. We have established a quality assurance department which is responsible for supervising the implementation of our quality standards. Based on the research and development and specific manufacturing processes of different products, we have established quality control measures for all stages of our operations, covering procurement of raw and auxiliary materials, research and development and process development, manufacturing of advanced intermediates and APIs and product quality disputes.

### ***Quality System of Pharmaceutical R&D***

#### *Laboratory Services*

We have developed SOPs for quality control (QC) for each technical function throughout the discovery process. The SOPs tailored to each technical characteristics, ensure that every study has a QC process built into the entire operation and research process, starting from the design of a study/project, material and reagent supply, validation of instruments and equipment, execution of the study/project plan, method development and validation, monitoring and/or verification of the execution process, raw data migration and processing/presentation and storage, intermediates and final compound storage/shipping and report writing to study/project closing, etc.

For studies that need to fulfill the regulatory requirement, such as GLP/ICH guidelines from FDA, NMPA and EMA, in addition to the QC process as described above, our Quality Assurance Unit (QAU) works independently and takes quality assurance (QA) measures to ensure that all the steps involved in the studies will follow the GLP/ICH guidelines. SOPs related to QA have been well developed to allow QAU inspection activities such as reviewing study protocols and amendments, conducting in-process inspections for studies, auditing raw data generated by studies and reports, conducting facility inspections and auditing vendors and study subcontractors, to ensure the GLP compliance.

### *Clinical Development Services*

Our clinical development services include clinical research, SMO, regulatory bioanalysis and radiolabeled sciences. All of these functions have established SOPs related to quality control covering all the important steps involved in the clinical development process, tailored to each function's characteristics, to ensure a QC system is built into the entire operation and study process, and, so to ensure the high quality and integrity of the clinical development study. Each function has established a Quality Assurance Department in our clinical development services, in compliance with FDA, EMA and NMPA's guidelines, with the goal that the rights, safety and welfare of all study participants are protected.

While each team in every function has its own QC system established to monitor and verify the important steps involved in a study, our QA system provides another layer of independent inspection of the important activities in a study, so to ensure GCP/SOP/protocol compliance for the study. These activities include protocol development/finalization, site inspection, healthy- volunteer and patient recruitment, investigational drug management, clinical operation, pharmacovigilance, clinical pathology study, bioanalysis of clinical samples, multiple-site management for clinical trial phases II/III/IV studies, data management and biometrics, radiolabeled investigational drug synthesis/storing/shipping, regulatory submission and registration. Our well-established QC and QA systems have passed numerous audits by our sponsors and regulatory inspections by FDA, EMA and NMPA.

### *CMC (small molecule CDMO) Services*

We have also developed GLP/GMP compliant standard operating procedures for quality control in our manufacturing processes. We have established a quality assurance department to review the integrity of each batch of products manufactured, in order to ensure that quality standards are maintained during the manufacturing process. Quality supervisors take samples from each batch of products and laboratory technicians carry out quality inspections on each batch of finished products and issue inspection reports based on the results. Samples that fail to pass the inspection are disposed of in accordance with the requirements of the operating procedures for substandard products. In addition, our quality supervisors are also responsible for the monitoring and supervision of our workshops to ensure that the cleanliness requirements of our facilities and the quality supervision of our manufacturing processes are maintained and recorded in a faithful manner to ensure the traceability of product quality.

### ***Quality System of Raw Materials and Equipment***

We have adopted SOPs for our raw material and equipment procurement. For each of our projects, our procurement team or our customer compiles a list of required raw materials in accordance with our internal policies and procedures, as well as the quality systems required for the respective R&D services. We assess the material risks associated with such raw materials and determine their specifications. We carefully select raw material suppliers and conduct background checks on supplier candidates. Each step of our raw material procurement is documented for our internal records as well as customer audits. During the three years ended December 31, 2020 and up the date of this Offering Circular, we did not experience any material quality issue relating to our raw materials.

In addition, we purchase equipment and spares only from selected reputable suppliers in accordance with our internal policies and procedures. We conduct inspections and relevant testing on the incoming equipment to ensure that the equipment is in satisfactory condition and fully functional before we accept delivery from our suppliers. We also communicate with the technical and customer support staff of our equipment suppliers regularly for the maintenance and upgrade of our equipment.

## **Intellectual Property**

As a pharmaceutical R&D service provider, our scientists and technicians are devoted to high quality R&D services to our customers. In order to stay at the forefront of the industry and maintain our competitiveness, we also invest in developing a number of proprietary technologies and service platform with an emphasis on methodologies, processes, analytics, systems and other know-how to further enhance our R&D service capabilities. While these technologies may not directly contribute significantly to our revenue, they further expand our R&D capabilities and enhance our operating efficiency, thereby improving our competitiveness in winning new business. As of December 31, 2020, we had 32 registered patents in China, six registered patents in the United States, one registered patent in Japan and one registered patent in the European Union. In addition, as of December 31, 2020, we had 95 registered trademarks in China (including one in Hong Kong), four registered trademarks in the United States, three registered trademarks in the European Union, two registered trademark in the United Kingdom, one registered trademark in Japan, one registered trademark in Australia and 61 registered domain name.

Due to the nature of our services, we have access to a significant amount of intellectual property owned by our customers. Our customers retain ownership of all intellectual property associated with their projects, including the intellectual property that they provide to us and the intellectual property arising from the services we provide. The protection of our customers' intellectual property is critical to win customers' trust. Protecting the proprietary rights of our customers has been a top priority since our inception. We enter into agreements with all of our scientists and research technicians under which they assign all of the intellectual property they create during their employment to us or our customers, as applicable, and waive all relevant intellectual property rights or claims. All of our scientists and research technicians have agreed to disclose and assign all inventions conceived by them during their term of employment.

## **Research and Development**

As a pharmaceutical R&D service provider, we devote a substantial portion of resources to continuously improving our scientific and technical capabilities through R&D projects with our customers. In addition, we are committed to internal research and development of technological foundation, capabilities and experience, which allows us to remain at the forefront of the latest technology trend in the pharmaceutical industry, develop novel solutions for our customers in their drug discovery and development processes and maintain our competitive position. We strive to further enhance our technical capability through internal research and development, cooperation with universities and research institutions, collaboration with our customers and development and improvement of the technologies acquired by us.

The newly established technology platforms developed through our internal R&D activities or collaborations with top-notch academic laboratories help our customers to design their drug R&D programs from new perspectives to accelerate their R&D processes. Meanwhile, during the process of conducting these R&D activities, we have developed a R&D team which is highly capable of providing innovative and value-added R&D solutions to our customers.

Our research and development process is carefully managed and allow us to maintain our leadership in the marketplace. During the three years ended December 31, 2020, our research and development expense amounted to RMB31.6 million, RMB62.9 million and RMB105.3 million for the years ended December 31, 2018, 2019 and 2020, representing 1.1%, 1.7% and 2.1% of our revenue in the same period.

## **Business Development and Marketing**

We market our pharmaceutical R&D services directly to pharmaceutical and biotech companies through a globally centralized business development team who are equipped with solid science background that are dedicated to understand the demands of existing and potential customers and work closely with our technical experts to prepare proposals and to secure customers. Our business development team interacts with potential and existing customers regularly to better understand their scientific needs and development strategies. During those meetings, we highlight the advantages of expediting the customer's drug R&D efforts through our flexible, end-to-end integrated drug research and development service platform.

Our business development team's profound understanding of customers' needs further enable us to provide customized pharmaceutical R&D services. Leveraging our end-to-end service offerings, we are able to cross-sell our services of different scientific functions to our customers and in the meantime offer our comprehensive services covering the drug discovery and development stages as their pharmaceutical R&D projects progress further. Customer referrals represent a large percentage of our new customer acquisition. Since our inception, our senior management team continues to maintain direct relationships with our key customers. In addition, we participate in trade conferences, trade shows and academic conferences.

Our business development and marketing specialists are strategically located in key pharmaceutical R&D hotspots in China, the U.S. and the U.K., to conduct on-the-ground activities. As of December 31, 2020, our business development and marketing team had 104 members.

### Our Facilities and Offices

As of the December 31, 2020, we had 16 operation sites and branch offices, which include sites located in Beijing, Tianjin, Xi'an, Nanjing, Shanghai, Shaoxing and Ningbo in China; Baltimore and Germantown, Maryland, Exton, Pennsylvania, Boston, Massachusetts and San Diego, California in the U.S.; and Cardiff, Rushden, Hoddesdon and Liverpool in the U.K.

### Employees

As of December 31, 2020, we had a total of 11,012 employees, including 10,209 employees in China and the rest of Asia, 436 in the U.K., and 367 in the U.S. As of December 31, 2020, we had 3,562 employees who have obtained a master's or higher degree, with 528 holding a Ph.D. or equivalent degree. For the years ended December 31, 2018, 2019 and 2020, our revenue per scientist and technician was RMB545,921, RMB586,965 and RMB522,397, respectively.

The table below sets forth a breakdown of our employees by function and by geography as of December 31, 2020:

	China and Rest of Asia	U.S.	U.K.	Total
Scientists and technicians.....	9,193	288	346	9,827
Sales and marketing .....	59	36	9	104
Management and administration.....	957	43	81	1,081
<b>Total</b> .....	<b>10,209</b>	<b>367</b>	<b>436</b>	<b>11,012</b>

The table below sets forth the respective numbers of our scientists and technicians by our business segments at the end of each period during the three years ended December 31, 2020:

	December 31, 2018	December 31, 2019	December 31, 2020
Laboratory services .....	3,706	4,301	5,685
Clinical development services .....	275	556	2,208
CMC (small molecule CDMO) services .....	1,346	1,544	1,934
<b>Total scientists and technicians</b> .....	<b>5,327</b>	<b>6,401</b>	<b>9,827</b>

We believe that our quality employees are the key to our success. In order to better attract, recruit and retain quality employees. We provide our employees with opportunities to work on cutting-edge drug development projects with world-class scientists, as well as opportunities to continued academic learning in our Pharmaron College. As of December 31, 2020, we had 200 employees that completed trainings and visiting scholar programs at Pharmaron College. We also aim to establish a collaborative work environment that encourages them to develop their career with us. In addition, we have an effective training system, including orientation and continuous on-the-job training, to accelerate the learning progress and improve the knowledge and skill levels of our workforce. Our orientation process covers subjects such as corporate culture and policies, work ethics, introduction to the drug development process, intellectual property protection, quality management and occupational safety. Our periodic on-the-job trainings cover streamlined technical know-how of our integrated services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations. In addition, we have adopted an employee share incentive scheme to provide an additional means to attract, motivate, retain and reward our employees.

## **Competition**

We face competition from other pharmaceutical R&D service providers, including CROs and CMOs. The market in which we operate is highly fragmented and there are also a substantial number of small- to medium-sized pharmaceutical R&D service providers, both multinational and locally based, which compete for market share.

We face competition from pharmaceutical R&D service providers around the world. We compete with other market players based on factors including quality and breadth of services, ability to protect our customers' intellectual property or other confidential information, timeliness of delivery, ability to meet relevant quality standards for different types of services such as GLP and cGMP, depth of customer relationships, pricing and geographical coverage.

In terms of barriers to entry, the CRO and CMO services market generally requires high upfront costs and time commitment, significant financial and time commitment in recruiting experienced talents, a successful track record and a solid reputation in order to attract customers.

Our core competitive edge is our integrated service offering that covers the entire research and development process, as well as our ability to provide our customers with an end-to-end service platform that saves customers' time and money. In addition, our sizable scientific team enables us to respond to our customers' increasing demand and customized requests for external pharmaceutical R&D services in a timely manner. We believe that we are able to maintain our competitiveness by leveraging our established position in the global pharmaceutical R&D service market and capitalizing on the opportunities offered by the growing pharmaceutical market in China.

## **Environmental, Social and Governance Matters**

Attaching great importance to environmental, social and governance (ESG) management work, we constantly promote the construction of ESG management system and improve our ESG management ability and internal awareness of ESG work. We formulated a Corporate Social Responsibility Management System, which stipulates that the general manager of our Company shall be responsible for leading the fulfillment of social responsibilities, and our Social Responsibility Management Committee has also been established to be responsible for the daily work related to corporate social responsibility.

Our Social Responsibility Management Committee adopted and is responsible for overseeing the implementation of our measures and procedures to ensure our compliance with the applicable environmental protection and health and safety laws and regulations and the health and safety of our employees. These measures and procedures include (i) adopting protective measures at our facilities, (ii) promulgating safety operation procedures relating to various aspects of our integrated services, such as the use and storage of chemicals and operation of equipment, (iii) conducting safety training for all employees, (iv) conducting regular safety and compliance inspections of our facilities, (v) engaging professional waste-disposal companies to manage the disposal of hazardous and biohazardous waste, (vi) coordinating third-party occupational health assessments and third-party fire safety inspections, (vii) overseeing the safety of experiments through approvals of experiment plans and regular monitoring throughout the experiments, and (viii) maintaining a system of recording and handling accidents and implementation of relevant policies, and a health and work safety compliance record.

In the process of our production and operation, potential environmental risks include floor corrosion, sewage overflow, waste leakage during transfer, and soil erosion caused by engineering construction, etc. We have formulated systems and various internal policies to uniformly regulate our operations and management as to plants' rebuilding and expansion, chemical transportation and on-site sewage systems. We have also strengthened inter-departmental cooperation and clarified personnel duties to avoid pollution to nearby soil and groundwater, and advanced clean and green production operations. Generally, we had no environmental accidents, and operated in compliance with applicable environmental laws and regulations in all material respect.

As our operations deal with a large amount of biochemical products and special equipment, we pay special attention to the occupational health and safety of our employees. We constantly review and update our internal work instructions and standard operating procedures to form a comprehensive safety operation framework. In addition, we conduct employee safety training and emergency response trainings to respond to various emergencies, in order to enhance employees' risk awareness and self-rescue ability. In addition, the Company pays attention to providing employees with safety protection products and enhancing their awareness of protection by increasing safety propaganda, as well as improving records of dangerous goods and assigning personnel to manage them.

### **Certifications, Permits and Licenses**

We are required to obtain and renew certain certifications, permits and licenses in order to provide our services. As of the date of this Offering Circular, we had obtained all of the material certifications, permits and licenses that are needed for our operations, and all of such certifications, permits and licenses are within their respective effective periods. We have not experienced any material difficulty in renewing such certifications, permits and licenses. In addition, as of the date of this Offering Circular, we were not subject to any administrative penalties relating to maintenance and renewal of our material certifications, permits and licenses.

### **Insurance**

We maintain the following types of insurance:

- Property insurance policies covering physical damage to, or loss of, our buildings and their improvements, equipment, office furniture and inventory;
- Employer's liability insurance generally covering death or work-related injuries of employees;
- General commercial liability and professional errors and omissions insurance covering product liability claims arising from the use or consumption of our drug products, and claims arising from negligence in connection with our services to customers;
- Public liability insurance covering certain incidents involving third parties that occur on or in the premises of our Company; and
- Directors' and officers' liability insurance.

We do not maintain key-man life insurance on any of our senior management or key personnel, or business interruption insurance. Our Directors consider that the insurance policies maintained by us are in line with the industry norm in China and are sufficient to cover the potential losses and damages of our facilities. While we believe that our insurance coverage is adequate, our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources. Please refer to the paragraph headed "Risk Factors – Risks related to Our Business and Our Industry – Our insurance coverage may not be sufficient" in this Offering Circular.

### **Legal Matters**

#### ***Legal Proceedings***

We may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of our business. To the knowledge of our Directors, we have not been subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as a whole. As of the date of this Offering Circular, no material litigation, arbitration or administrative proceedings which would have a material adverse effect on our financial position or results of operations as a whole had been initiated or threatened against us.

### *Legal Compliance*

To the knowledge of our Directors, we have not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our Company as a whole.

## RECENT DEVELOPMENT

In February 2021, Pharmaron Biologics (UK) Holdings Limited and Pharmaron (Hong Kong) International Limited (both are our wholly-owned subsidiaries) entered into a sale and purchase Agreement with AGN Sundry LLC to acquire 100% equity interest of Allergan Biologics Limited (“ABL”), at an estimated cash consideration of US\$120,000,000 (equivalent to RMB776,556,000). ABL (an indirect subsidiary of AbbVie Inc., a company listed on the New York Stock Exchange) is an in-house R&D center of AbbVie Inc. for biologics and other advanced therapeutics. It operates a manufacturing facility in Liverpool, U.K., which is one of the most advanced research and development and clinical manufacturing facilities in the area. The acquisition was completed in April 2021.

In order to expand into and further strengthen our capabilities in the biologics field, we acquired Absorption Systems in November 2020 and launched our U.S. laboratory services through such acquisition. U.S. laboratory services mainly includes DMPK/ADME and bioanalysis for both small and large molecules, particularly in transporters, human PK prediction and translational pharmaceuticals. With the completion of the acquisition of Allergan Biologics Limited in April 2021, we expect the newly acquired facilities with established biologics CDMO capabilities will be highly synergistic to Absorption Systems for building our integrated CGT services platform. We are devoting significant resources to integrating our operations following such acquisitions in order to achieve the anticipated synergies and benefits. We may also undertake additional offshore and/or onshore acquisitions to further develop our business.

In addition, we continued to develop the discovery biologics service capabilities and accelerated the establishment of our biologics CDMO service platform. In early 2020, we started the construction of approximately 70,000 sq.m. of our biologics product development and manufacturing facility at our Ningbo Hangzhou Bay service center II phase I site, and which is expected to start internal installation in June 2021 and become operational for GMP production in the second half of 2022.

The Board of the Company has proposed at the meeting of the Board held on March 26, 2021 to seek the approval of the shareholders of the Company at the annual general meeting to be convened to approve, among others, the repurchase and cancellation of 193,024 Restricted A Shares granted under the A Share Incentive Scheme due to the resignation of the three grantees of such Restricted A Shares in accordance with the provisions of the A Share Incentive Scheme, and the reduction of registered capital from RMB794,387,462 to RMB794,194,438 and the decrease of number of issued shares of the Company from 794,387,462 shares to 794,194,438 shares, upon approval by the shareholders and completion of the proposed repurchase and cancellation.

Subject to the required approvals by the Board and the shareholders of the Company, respectively, the Company plans to adopt the Pharmaron 2021 A Restricted Share Incentive Scheme (the “**2021 Share Incentive Scheme**”) and issue up to 774,200 A Shares of the Company under the 2021 Share Incentive Scheme (the “**Restricted A Shares**”), which represents 0.0975% of the Company’s share capital as of the date hereof. It is expected that all Restricted A Shares will be granted to eligible employees of the Company upon the respective approvals by the Board and the shareholders of the Company, and none of the Restricted A Shares will be reserved for future option grants. The Restricted A Shares have a vesting period of four years, with 25% of the awards to be released on the first, second, third and fourth anniversary date of the A Shares registration date with respect to such Restricted A Shares, respectively, and upon relevant annual performance conditions being met.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Directors

The following table sets forth the key information of the Directors of the Company:

Name	Age	Position
Dr. LOU Boliang (樓柏良).....	57	Chairman, chief executive officer and executive Director
Mr. LOU Xiaoqiang (樓小強) .....	52	Chief operating officer, president and executive Director
Ms. ZHENG Bei (鄭北) .....	53	Executive vice president and executive Director
Mr. CHEN Pingjin (陳平進).....	50	Non-executive Director
Mr. HU Baifeng (胡柏風) .....	39	Non-executive Director
Mr. LI Jiaqing (李家慶) .....	47	Non-executive Director
Mr. ZHOU Hongbin (周宏斌) .....	47	Non-executive Director
Mr. DAI Lixin (戴立信).....	96	Independent non-executive Director
Ms. CHEN Guoqin (陳國琴).....	48	Independent non-executive Director
Mr. TSANG Kwan Hung Benson (曾坤鴻) .....	55	Independent non-executive Director
Mr. YU Jian (余堅).....	46	Independent non-executive Director

The biographies of the Directors are set out below.

**Dr. LOU Boliang (樓柏良)**, aged 57, is the chairman, chief executive officer and an executive Director of our Company. Dr. LOU co-founded our Group together with Mr. LOU and Ms. ZHENG in July 2004. He is primarily responsible for the overall management, strategic planning and corporate development of our Group. He is also actively involved in formulating our business development strategy and developing strategic relationship with our customers. He also serves as a director of most of the subsidiaries of our Group.

Dr. LOU has the following work experience:

- Since November 2006, Dr. LOU has been a director of Pharmaron Holdings Limited, which was our business and asset holding vehicle prior to the restructuring in connection with our A Share Offering.
- Dr. LOU has over 25 years of experience in the life sciences and biotech industry. Prior to founding our Group, Dr. LOU worked at several life sciences and biotech companies such as Cytel Corporation, Ontogen Corporation and Advanced SynTech (formerly known as Helios Health, Inc.).

Dr. LOU obtained a master's degree and a doctorate degree in science at the Shanghai Institute of Organic Chemistry (中國科學院上海有機化學所) in May 1986 and May 1989, respectively. From 1990 to 1994, he conducted post-doctoral research at the University of Montreal in Canada.

Dr. LOU's awards and recognitions include:

- President's Special Award of the Chinese Academy of Sciences (1989);
- Beijing Overseas Returnee Entrepreneur Award (2008); and
- Bo-Da Contribution Award from the Office of Beijing Economic and Technological Development Area (BDA) (2010).

Dr. LOU is the brother of Mr. LOU and the brother-in-law of Ms. ZHENG.

**Mr. LOU Xiaoqiang (樓小強)**, aged 52, is the chief operating officer, president and an executive Director of our Company. Mr. LOU co-founded our Group together with Dr. LOU and Ms. ZHENG in July 2004. Mr. LOU is primarily responsible for the overall operations of the business of our Group. In particular, Mr. LOU is responsible for the execution of our Group’s growth strategy both in China and globally. He also serves as a director at several subsidiaries of our Group.

Mr. LOU has the following work experience:

- From March 2007 to January 2016, Mr. LOU was a director of Pharmaron Holdings Limited.
- Prior to joining our Group, he worked in sales and management roles at various electronics companies. For more details, please refer to the paragraphs headed “Directors, Supervisors and Senior Management Executive Directors” of the Prospectus.

Mr. LOU obtained a bachelor’s and a master’s degree in material science and engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 1990 and March 1993, respectively. Mr. LOU obtained a master’s degree in business administration from the China-Europe International Business School (中歐國際工商學院) in September 2009.

Mr. LOU is the brother of Dr. LOU and the husband of Ms. ZHENG.

**Ms. ZHENG Bei (鄭北)**, aged 53, is the executive vice president and an executive Director of our Company. Ms. ZHENG co-founded our Group together with Dr. LOU and Mr. LOU in July 2004. Ms. ZHENG is primarily responsible for the administration and asset management of our Group. In particular, she is responsible for the facilities expansion of our Group.

Ms. ZHENG has the following work experience:

- From March 2007 to January 2016, Ms. ZHENG was a director of Pharmaron Holdings Limited. For more details of Ms. ZHENG’s previous experience, please refer to the paragraphs headed “Directors, Supervisors and Senior Management – Executive Directors” of the Prospectus.

Ms. ZHENG received her master’s degree in law from Peking University (北京大學) in July 1992.

Ms. ZHENG is the wife of Mr. LOU and the sister-in-law of Dr. LOU.

**Mr. CHEN Pingjin (陳平進)**, aged 50, is our non-executive Director. Mr. CHEN is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. CHEN joined our Group on October 13, 2017.

Mr. CHEN has the following work experience:

- Since April 2016, Mr. CHEN has served as a deputy general manager of Gold Stone Investment Co., Ltd. (金石投資有限公司) (“Gold Stone Investment”), a subsidiary of CITIC Securities Co., Ltd. (中信証券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600030) where he has successively served various roles from December 2006 to March 2016.

Mr. CHEN obtained his bachelor’s degree in electrical engineering from East China Jiaotong University (華東交通大學) in July 1992. He obtained his master’s degree in information economics from Beijing Jiaotong University (北京交通大學) (formerly known as Northern Jiaotong University (北方交通大學)) in April 1998.

**Mr. HU Baifeng (胡柏風)**, aged 39, is our non-executive Director. Mr. HU is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. HU joined our Group on October 27, 2016 and was our Supervisor from October 2016 to October 2017.

Mr. HU has the following work experience:

- Since March 2018, he has served as a board director of Ampleon Cooperatief UA, a company primarily engaged in the financial holdings business in the Netherlands.
- Since February 2017, Mr. HU has served as a director of Gold Stone Investment. From May 2014 to January 2017, Mr. HU served as a director at CITIC M&A Fund.
- From 2006 to 2013, he worked at the investment department of several companies.

Mr. HU obtained his bachelor's degree in economics from Hunan University (湖南大學) in June 2003. He obtained his master's degree in economics from the University of Ottawa in Canada in October 2005.

**Mr. LI Jiaqing (李家慶)**, aged 47, is our non-executive Director. Mr. LI is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. LI joined our Group on March 12, 2007.

Mr. LI has the following work experience:

- From March 2007 to January 2016, Mr. LI was a director of Pharmaron Holdings Limited.
- Since 2007, he has served as a managing director of Legend Capital.
- From December 2011 to February 2018, he served as a director of Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300450).
- From March 2011 to February 2014, he served as a supervisor of Shanghai Amarsoft Information Technology Co., Ltd. (上海安碩信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300380).
- From September 2010 to April 2018, Mr. LI served as a director of Yunnan Hongxiang Yixintang Pharma Co., Ltd. (雲南鴻翔一心堂藥業(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002727).
- From 2001 to 2007, he successively served as vice president, senior vice president, and executive director of Legend Capital.

Mr. LI obtained his dual bachelor's degree in mechanical engineering and economic management and a Master's degree in management from Tsinghua University (清華大學) in July 1996 and July 1999, respectively. He obtained his master's degree in business administration from the Engineering School of Paris in France in June 2001.

**Mr. ZHOU Hongbin (周宏斌)**, aged 47, is our non-executive Director. Mr. ZHOU is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. ZHOU joined our Group on October 27, 2016.

Mr. ZHOU has the following work experience:

- Since September 2015, he has served as a director of Milkyway Chemical Supply Chain Service Co., Ltd. (密爾克衛化工供應鏈服務股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603713).
- Since June 2015, he has served as a supervisor of Guangzhou Kingmed Diagnostics Group Co., Ltd. (廣州金域醫學檢驗集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603882).
- Since April 2015, he has served as a managing director of Legend Capital.
- From 2005 to 2015, he successively served as investment manager, investment vice president, investment director and executive director of Legend Capital.

Mr. ZHOU obtained his bachelor's degree in urban construction and master's degree in engineering from Wuhan University (武漢大學) in July 1994 and June 1997, respectively. He obtained his doctorate degree in management from Fudan University (復旦大學) in July 2000.

**Mr. DAI Lixin (戴立信)**, aged 96, was appointed as an independent non-executive Director on October 27, 2016. Mr. DAI is primarily responsible for supervising and providing independent advice to the Board.

Mr. DAI has the following work experience:

- In 1953, Mr. DAI was assigned by the Chinese Academy of Sciences (中國科學院) to work in the Shanghai Institute of Organic Chemistry (上海有機科學研究所) (the "SIOC"), where he has continued his study of organic chemistry till now. He served successively in SIOC as an assistant researcher, associate researcher and since 1986 as a research professor.
- From 1950 to 1953, he served in administration positions in the Shanghai Iron and Steel Company (上海鋼鐵公司) and the Shanghai Bureau of Minerals and Metallurgy (上海礦冶局).
- In 1948, he joined the Shanghai Third Iron and Steel Factory (上海鋼鐵公司第三鋼鐵廠) as an engineer in the analytical laboratory.
- From 1947 to 1948, he worked as a teacher in Zhong-Hua Vocational School (中華職業學校).

Mr. DAI obtained his bachelor's degree from the Chemistry Department of Zhejiang University (浙江大學) in 1947. In 1993, Mr. DAI was elected as an academician of the Chinese Academy of Sciences. He has published more than 200 academic papers and 11 books and has authorized 13 patents in China. He has supervised 38 students to obtain doctorate degrees and 3 students to obtain master's degrees. He is a member of the Chinese Chemical Society (中國化學會) and also a member of Shanghai Society of Chemistry and Chemical Industry (上海市化學化工學會), and currently an honorary chairman of the latter society. Mr. DAI has won twice the National Natural Science 2nd Class Awards (國家自然科學獎二等獎) in 2002 and in 2013, the Ho Leung Ho Lee Foundation Science and Technology Progress Award (何梁何利基金科學與技術進步獎) in 2002 and the Chiral Chemistry Lifetime Achievement Award of Chinese Chemical Society (中國化學會手性化學成就獎) in 2014, and the Lifetime Achievement Award by the Chinese Chemical Society in 2018.

**Ms. CHEN Guoqin (陳國琴)**, aged 48, was appointed as an independent non-executive Director on October 27, 2016. Ms. CHEN is primarily responsible for supervising and providing independent advice to the Board.

Ms. CHEN has the following work experience:

- Since February 2001, she has been a lawyer at S&P Law Firm (北京市尚公律師事務所), a law firm based in Beijing, where she currently serves as a director and senior partner.

Ms. CHEN obtained her bachelor's degree in economics from Xiamen University (廈門大學) in July 1995. Ms. CHEN obtained her master's degree in law from the Beijing University of International Business and Economics (北京對外經濟貿易大學) in June 2006.

**Mr. TSANG Kwan Hung Benson (曾坤鴻)**, age 55, was appointed as an independent non-executive Director on August 15, 2019 (effective from the Listing Date). Mr. TSANG is primarily responsible for supervising and providing independent advice to the Board.

Mr. TSANG has the following work experience:

- Since March 2019, he has served as the director of Hongsen Investment Management Limited, the general partner of Hongsen Investment Fund L.P. which started operation since January 2020.
- Since July 2018, he has served as an independent director and chairman of the audit committee of Athenex Inc., a company listed in the United States (NASDAQ: ATNX).
- From July 2017 to August 2020, he has served as a director of the board of Puritek Canada Inc., the Canadian investment arm of Puritek China Company.
- From July 2014 to August 2020, he has served as a director of the board of Hydraservices Inc., a waste management and odour control solutions company based in Canada.
- From October 2017 to December 2018, he served as an executive-in-residence adviser at ShangPharma Innovation Inc., an early stage pharmaceutical company based in the United States.
- From March 2010 to June 2015, he served as the chief financial officer of ATA Inc., a large scale computer-based testing service provider listed in the United States (NASDAQ: ATAI).
- From November 2010 to March 2013, he served as an independent director at ShangPharma Corp., a pharmaceutical R&D contract service organization company previously listed in the United States (NYSE: SHP), which was privatized in September 2013.
- From July 2006 to February 2009, he served as the chief financial officer of Wuxi Pharma Tech Cayman Inc., a pharmaceutical R&D contract service organization company previously listed in the United States (NYSE: WX), which was privatized in December 2015.
- From 1988 to 2006, Mr. TSANG served in finance and audit roles at various companies.

Mr. TSANG obtained his Chartered Accountant certificate in Canada and Hong Kong in 1991 and 1993, respectively. He is a member (non-practicing) of the Hong Kong Institute of Certified Public Accountants. He obtained his bachelor's degree in commerce and his master's degree in business administration at McMaster University in Canada in June 1987 and May 1988, respectively.

**Mr. YU Jian (余堅)**, aged 46, was appointed as an independent non-executive Director on July 23, 2020. Mr. YU is primarily responsible for supervising and providing independent advice to the board.

Mr. YU has extensive experience in finance and accounting.

Mr. YU has the following work experience:

- Since September 2015, he has served as independent director of Milkyway Chemical Supply Chain Services Co., Ltd. (密爾克衛化工供應鏈服務股份有限公司).
- Since May 2015, he has served as independent director of Pengxin International Mining Co., Ltd. (鵬欣環球資源股份有限公司).
- Since October 2008, he has worked in the Teaching and Research Department of Shanghai National Accounting Institute (上海國家會計學院) as an associate professor, and engaged in teaching and research in financial management.
- From January to September 2008, he served as the financial director of Infoservice Information Technology Co., Ltd. (上海英孚思為信息科技有限公司).
- From January 2006 to January 2008, he served as the financial director of Shanghai Chengtou Land Group Co., Ltd. (上海城投置地集團有限公司).
- From December 2004 to January 2006, he served as the financial director of Shanghai Transportation Investment Group Co., Ltd. (上海交通投資集團有限公司).
- From August 2002 to December 2004, he served as the financial director of Shanghai Pulan Investment Management Co., Ltd. (上海普蘭投資管理有限公司).
- From March 1999 to February 2002, he served successively as the financial supervisor of the Planning and Finance Department, deputy head of the audit and supervision department, and deputy head of the project investment department in the headquarters of Shanghai Chengtou Group Corporation (上海城投集團).

Mr. YU is a CPA, and obtained his bachelor's degree in economics from Zhejiang Institute of Finance (浙江財經學院) in July 1996. Mr. YU obtained his master's degree in management from Shanghai University of Finance and Economics (上海財經大學) in January 1999. He obtained his PhD in management from Shanghai University of Finance and Economics (上海財經大學) in July 2005.

### Supervisor

Name	Age	Position
Dr. YANG Kexin (楊珂新).....	57	Chairman of the Supervisory Committee
Ms. FENG Shu (馮書).....	35	Supervisor
Ms. ZHANG Lan (張嵐).....	38	Employee representative Supervisor

The biographies of the Supervisors are set out below.

**Dr. YANG Kexin (楊珂新)**, aged 57, was appointed as the chairman of the Supervisory Committee on October 27, 2016 and is primarily responsible for the overall operation of the Supervisory Committee and supervision of the performance of the Directors and senior management members. Dr. YANG joined our Group on July 1, 2004 and is currently our vice president of chemical technology.

Dr. YANG obtained his master's degree in organic chemistry at Lanzhou University (蘭州大學) in June 1986. He obtained his doctorate degree in organic chemistry at the University of Calgary in Canada in November 1992.

**Ms. FENG Shu (馮書)**, aged 35, was appointed as a Supervisor on December 11, 2020. Ms. FENG is primarily responsible for the supervision of the performance of the Directors and senior management members.

Mr. FENG has the following work experience:

- From February 2016 to May 2017, she served as Vice President and Senior Vice President of CITIC M&A Fund Management Co., Ltd.\* (中信併購基金管理有限公司) (“CITIC M&A Fund”), which is a substantial shareholder of the Company.
- Since May 2017, she has worked at Goldstone Investment Co., Ltd.\* (金石投資有限公司) (“Goldstone Investment”), the sole shareholder of CITIC M&A Fund, and currently serves as the Director at Goldstone Investment;
- Since August 2019, she has served as the Director, the Head of Strategy and Business Development, the Director of Real Estate of CLSA Capital Partners (HK) Limited and a Member of the Investment Committee of CLSA Capital Partners (HK) Limited.

Ms. FENG obtained her bachelor’s degree from Zhejiang University (浙江大學) and a master’s degree from Baylor University in the U.S.

**Ms. ZHANG Lan (張嵐)**, aged 38, was appointed as the employee representative Supervisor on October 27, 2016 and is primarily responsible for the supervision of the performance of the Directors and senior management members. Ms. ZHANG joined our Group on April 5, 2006 and currently serves as our associate director.

Ms. ZHANG obtained her bachelor’s degree in English at Tangshan Teacher’s College (唐山師範學院) in Hebei, China in June 2005.

### Senior Management

Name	Age	Position
Dr. LOU Boliang (樓柏良).....	57	Chairman, chief executive officer and an executive director
Mr. LOU Xiaoqiang (樓小強) .....	52	Chief operating officer, president and an executive Director
Ms. ZHENG Bei (鄭北).....	53	Executive vice president and an executive Director
Dr. YANG Hua (陽華).....	58	Chief scientific officer
Mr. LI Shing Chung Gilbert (李承宗).....	42	Chief financial officer

The biographies of the Senior Management are set out below.

**Dr. LOU Boliang (樓柏良)**, aged 57, is the chairman, chief executive officer and an executive Director of our Company. Dr. LOU co-founded our Group together with Mr. LOU and Ms. ZHENG in July 2004. He is primarily responsible for the overall management, strategic planning and corporate development of our Group. He is also actively involved in formulating our business development strategy and developing strategic relationship with our customers. He also serves as a director of most of the subsidiaries of our Group. See “– Directors” for more details.

**Mr. LOU Xiaoqiang (樓小強)**, aged 52, is the chief operating officer, president and an executive Director of our Company. Mr. LOU co-founded our Group together with Dr. LOU and Ms. ZHENG in July 2004. Mr. LOU is primarily responsible for the overall operations of the business of our Group. In particular, Mr. LOU is responsible for the execution of our Group’ growth strategy both in China and globally. He also serves as a director at several subsidiaries of our Group. See “– Directors” for more details.

**Ms. ZHENG Bei (鄭北)**, aged 53, is the executive vice president and an executive Director of our Company. Ms. ZHENG co-founded our Group together with Dr. LOU and Mr. LOU in July 2004. Ms. ZHENG is primarily responsible for the administration and asset management of our Group. In particular, she is responsible for the facilities expansion of our Group. See “– Directors” for more details.

**Dr. YANG Hua (陽華)**, aged 58, is our chief scientific officer. He joined our Group in July 2007 as our chief scientific officer and is primarily responsible for the overall research and scientific development strategy for the integrated services platform of our Group. Since March 2017, he has also served as a director of one of our subsidiaries.

Dr YANG has the following work experience:

- Prior to joining our Group, he successively served in various roles, including assistant director, at AstraZeneca R&D Montreal.
- Since joining our Group in 2007, Dr. YANG has extensively engaged in the service R&D platform building, encompassing discovery, preclinical and clinical development and their integration.

Dr. YANG obtained his doctorate degree at The Victoria University of Manchester (currently known as the University of Manchester) in England in November 1990. He also conducted his post-doctoral research at the University of Montreal in Canada. Dr. YANG is a co-author and co-inventor for 46 peer-reviewed scientific publications and patent applications.

**Mr. LI Shing Chung Gilbert (李承宗)**, aged 42, is our chief financial officer and secretary of our Board. He joined our Group in January 2008 as our financial controller and was appointed as our chief financial officer in January 2015. He was appointed as the secretary of the Board in October 2016 and is primarily responsible for the overall financial function of our Group. In particular, he is responsible for the financing and M&A activities of our Group. Mr. LI also serves as a supervisor or director at several subsidiaries of our Group.

Mr. LI has the following work experience:

- Prior to joining our Group, Mr. LI had served at various roles in accounting and financial areas. From 2000 to 2003, he served as assistant manager of KPMG, a multinational financial audit, tax and advisory firm.

Mr. LI obtained his bachelor’s degree in business administration from the Hong Kong University of Science and Technology in November 2000. Mr. LI obtained his master’s degree in business administration from the China Europe International Business School (中歐國際工商學院) in July 2012. Mr. LI is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants and a Chartered Financial Analyst.



## MARKET PRICE INFORMATION

The H shares have been listed on the Hong Kong Stock Exchange (Code: 3759) since the Issuer's initial public offering on November 28, 2019. Prior to that time, there was no public market for the Issuer's H Shares. The Issuer's publicly traded domestic shares, or A Shares, are listed on the Shenzhen Stock Exchange (Code: 300759. SZ) since January 28, 2019.

The table below sets forth, for the periods indicated, the high and low closing prices per H share, as reported on the Hong Kong Stock Exchange, and per A Share, as reported on the Shenzhen Stock Exchange:

Year	Closing Share Price			
	H Share		A Shares	
	High	Low	High	Low
	(HK\$)		(RMB)	
<b>2019</b>				
First quarter ended March 31, 2019 .....	–	–	44.90	11.03
Second quarter ended June 30, 2019.....	–	–	44.25	32.13
Third quarter ended September 30, 2019 .....	–	–	47.16	33.15
Fourth quarter ended December 31, 2019 <sup>(1)</sup> ..	44.85	40.45	57.22	46.29
<b>2020</b>				
First quarter ended March 31, 2020 .....	57.10	40.70	68.60	47.70
Second quarter ended June 30, 2020.....	80.00	51.20	98.40	58.68
Third quarter ended September 30, 2020 .....	105.60	79.50	116.16	92.11
Fourth quarter ended December 31, 2020 .....	131.40	94.10	120.40	93.60
<b>2021</b>				
First quarter ended March 31, 2021 .....	178.00	111.30	169.66	104.40
Second quarter ended May 31, 2021 .....	191.00	141.80	189.63	146.37

*Note:* The H Shares closing share price information is only available since November 28, 2019.

## EXCHANGE RATE

### PRC

The PBOC sets and publishes on a daily basis 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. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2.0 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On May 18, 2007, the PBOC enlarged, effective on May 21, 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. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from July 21, 2005 to December 31, 2013. The PBOC authorized the China Foreign Exchange Trading Centre, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the following business day. On March 14, 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On August 11, 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on August 11, 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as of the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Low	Average <sup>(1)</sup>	High	Period End
	(Renminbi per US\$1.00)			
2017 .....	6.4773	6.7350	6.9575	6.5063
2018 .....	6.2649	6.6292	6.9737	6.8755
2019 .....	6.6822	6.9014	7.1786	6.9618
2020 .....	6.5208	6.8878	7.1681	6.5250
2021				
January .....	6.4282	6.4672	6.4822	6.4282
February .....	6.4344	6.4601	6.4869	6.4730
March .....	6.4648	6.5109	6.5716	6.5518
April .....	6.4710	6.5186	6.5649	6.4749
May (as of May 28, 2021).....	6.3674	6.4321	6.4749	6.3674

Note:

- (1) Annual averages are calculated by averaging the rates on the last business day of each month during the relevant year. Period averages are calculated by averaging the daily rates during the relevant period.

## Hong Kong

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

The market exchange rate of the HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, the Company cannot assure you that the Hong Kong government will maintain the link at HK\$7.80 to US\$1.00, or at all.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Hong Kong dollars and U.S. dollars. The exchange rates reflect the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board:

Period	Noon Buying Rate			
	Low	Average <sup>(1)</sup>	High	Period End
	(Hong Kong per US\$1.00)			
2017 .....	7.7540	7.7950	7.8267	7.8128
2018 .....	7.8043	7.8376	7.8499	7.8305
2019 .....	7.7850	7.8335	7.8499	7.7894
2020 .....	7.7498	7.7562	7.7951	7.7534
2021				
January .....	7.7517	7.7533	7.7555	7.7531
February .....	7.7515	7.7529	7.7567	7.7567
March .....	7.7562	7.7651	7.7746	7.7746
April .....	7.7596	7.7691	7.7849	7.7664
May (as of May 28, 2021).....	7.7608	7.7654	7.7697	7.7610

*Note:*

- (1) Annual averages are calculated by averaging the rates on the last business day of each month during the relevant year. Period averages are calculated by averaging the daily rates during the relevant period.

## DIVIDENDS

Pursuant to the Articles of Association, the Board may declare dividends in the future after taking into account the Company's results of operations, financial condition, cash requirements and availability, and other factors as it may deem relevant at such time. Although the calculation of the Company's net profit and undistributed profit is in accordance with PRC GAAP, which may differ from the numbers calculated under IFRS, the Company does not expect such difference to be material and to have any substantive impact on its dividend policy. Any declaration and payment as well as the amount of dividends will be subject to the Company's Articles of Association, applicable PRC laws, and approval by the Company's Shareholders. Under the Articles of Association, when the Company makes a profit in the current year and the accumulated undistributed profit is positive, the Company shall give priority to the distribution of cash dividends provided that there is no material capital expenditure or investment in the next 12 months. The total amount of the cash dividends distributed shall be at least 20% of the total dividends in the same distribution.

While the Company generally expects to declare dividends once per year, in the event that the net profit for the first six months of a given year exceeds the net profit for the preceding year, the Directors have the discretion to declare and pay interim dividends which would be subject to the approval by the Shareholders in a general meeting. No dividend shall be declared or payable except out of the Company's profits and reserves lawfully available for distribution. The Company's future declarations of dividends may or may not reflect historical declarations of dividends and will be at the absolute discretion of the Directors.

Future dividend payments will also depend upon the availability of dividends received from the subsidiaries of the Company in China. PRC laws require that dividends be paid only out of distributable profits calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. In addition, as stipulated by the Articles of Association, distributable profits are recognized as net profit determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that the Company is required to make. As a result, the Company and PRC operating subsidiaries of the Company may not be able to pay a dividend in a given year if the Company and PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. Distributions from the subsidiaries of the Company may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that the Company or its subsidiaries may enter into in the future.

The Company did not pay or declare any dividend to its shareholders for the year ended December 31, 2018.

On May 15, 2019, the Company's Shareholders approved the 2018 Profit Distribution Plan at an annual general meeting, pursuant to which a dividend of RMB1.10 (inclusive of tax) for every 10 shares of the Company in an aggregate amount of RMB72,192,000 was subsequently paid in July 2019 to shareholders of the Company on the record date.

On May 28, 2020, the Company's shareholders approved the 2019 Profit Distribution Plan at annual general meeting, pursuant to which a final dividend of RMB0.15 (inclusive of tax) per share in respect of the year ended December 31, 2019 was declared to both holders of A shares and H shares and aggregate dividend amounted to approximately RMB119,158,000 (inclusive of tax). Except for the dividend declared to the holders of restricted A shares that would be paid no earlier than the unlocking date, the rest of the dividend was paid in July 2020.

The Company proposed to declare a final dividend of RMB3.00 (inclusive of tax) per 10 shares or an aggregate of approximately RMB238.3 million for the year ended December 31, 2020. The proposed final dividend for the year ended December 31, 2020 was approved by the Company's shareholders at the annual general meeting dated May 28, 2021.

## SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

### Directors' and Chief Executives' Interests in Shares

As of December 31, 2020, the interests and short positions of the Directors, the Supervisors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is keen to taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### *Long Position in Shares*

Name of Director	Name of Interest	Number and class of share interested	Approximate percentage of the Company's issued share capital
Dr. LOU Boliang.....	Interests held jointly with another person; interests of controlled corporation	187,423,105	23.59%
Mr. LOU Xiaoqiang ..	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	187,423,105	23.59%
Ms. ZHENG Bei .....	Interests held jointly with another person; interests of controlled corporation; interests of spouse	187,423,105	23.59%

#### *Notes:*

1. Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei have entered into a voting rights agreement on October 19, 2018 (which formalizes their pre-existing voting arrangement), pursuant to which they have agreed to reach consensus on any proposal presented to the Board and the general meeting of the shareholders of the Company for voting (the "Voting Agreement"). Pursuant to the Voting Agreement, Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei are concert parties and they are deemed to be interested in each other's interests in our Company under the SFO.
2. Mr. LOU Xiaoqiang and Ms. ZHENG Bei are spouses.

Save as disclosed above, as of December 31, 2020, to the knowledge of the Board, none of the Directors, the Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests in Securities and Short Position in the Shares and Underlying Shares of the Company

As of December 31, 2020, according to the register kept by the Company pursuant to Section 336 of the SFO and so far is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

### Interests in the Shares of the Company

Name of Shareholder	Class of Shares	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage in the respective class of share capital	Percentage in total number of Shares
Pharmaron Holdings Limited <sup>(2)</sup> .....	Domestic	Beneficial owner	97,600,003 (L)	14.78%	12.29%
CITIC Securities Co. Ltd. (中信証券股份有限公司) (“CITIC Securities”) <sup>(3)</sup> ..	Domestic	Interest of controlled Corporation	185,637,121 (L)	28.11%	23.37%
Beijing Junlian Tongdao Investment Management Partnership (Limited Partnership) (北京君聯同道投資管理合夥企業(有限合伙)) (“Junlian Tongdao”) <sup>(4)</sup> .....	Domestic	Interest of controlled Corporation	78,478,871 (L)	11.88%	9.88%
JPMorgan Chase & Co <sup>(5)</sup> ....	H Shares	Interest of controlled Corporation;	17,094,630 (L)	12.75%	2.15%
		investment	1,226,000 (S)	0.91%	0.15%
		manager, person having a security interest in shares, approved lending agent	8,763,989 (P)	6.53%	1.10%
The Capital Group Companies, Inc. <sup>(6)</sup> .....	H Shares	Interest of controlled Corporation	16,060,700 (L)	11.98%	2.02%
BlackRock, Inc. <sup>(7)</sup> .....	H Shares	Interest of controlled Corporation	7,931,600 (L)	5.92%	1.00%
FMR LLC <sup>(8)</sup> .....	H Shares	Interest of controlled Corporation	9,506,236 (L)	7.09%	1.20%
China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) (“China Structural Reform Fund”) <sup>(9)</sup> .....	H Shares	Beneficial owner	7,931,600 (L)	5.92%	1.00%
FIDELITY INVESTMENT TRUST .....	H Shares	Beneficial owner	6,825,267 (L)	5.09%	0.86%

#### Notes:

- The letter “L”, “S” and “P” stand for long position, short position and lending pool, respectively.
- Pharmaron Holdings Limited is held as to 67.03% by Dr. LOU Boliang.

3. Shenzhen Xinzhong Kangcheng Investment Partnership (Limited Liability Partnership) (深圳市信中康成投資合夥企業(有限合夥)) (“Shenzhen Xinzhong Kangcheng”) directly held 157,142,855 A Shares. To the best knowledge of our Company, the general partner of Shenzhen Xinzhong Kangcheng is CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司) (“CITIC Fund”). Shenzhen Xinzhong Kangcheng is held as to 50.16% by CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金(深圳)合夥企業(有限合夥)) (“CITIC Fund Shenzhen”) as a limited partner, the general partner of which is CITIC Fund. CITIC Fund is wholly-owned by Gold Stone Investment Co., Ltd (金石投資有限公司), which is in turn wholly-owned by CITIC Securities, a company listed on the Hong Kong Stock Exchange (stock code: 6030). In addition, CITIC Securities is also considered as having control over CITIC Fund Shenzhen according to the investment contract.
4. Tianjin Junlian Wenda Equity Investment Partnership (Limited Partnership) (天津君聯聞達股權投資合夥企業(有限合夥)) (“Junlian Wenda”) directly held 72,332,628 A Shares. To the best knowledge of our Company, the general partner of Junlian Wenda is Junlian Tongdao, the general partner of which is Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) (“Lasa Junqi”). Junlian Tongdao is held as to 76.41% by Beijing Junqi Tongdao Investment Consultancy Partnership (Limited Partnership) (北京君祺同道投資顧問中心(有限合夥)) (“Junqi Tongdao”) as a limited partner, the general partner of which is Lasa Junqi. Junqi Tongdao is held as to 74.83% by Lasa Bodao Investment Management Partnership (Limited Partnership) (拉薩博道投資管理合夥企業(有限合夥)) (“Lasa Bodao”) as a limited partner. Lasa Junqi is wholly-owned by Legend Capital, which is held as to 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) (“Juncheng Hezhong”). The general partner of Juncheng Hezhong is Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) (“Junqi Jiarui”), which is held as to 40%, 40% and 20% by Mr. WANG Nengguang (王能光), Mr. CHEN Hao (陳浩) and Mr. ZHU Linan (朱立南), respectively. Juncheng Hezhong is owned as to 58.12% and 41.87% by Tianjin Huizhi Yihao Enterprise Management Consultancy Partnership (Limited Partnership) (天津匯智壹號企業管理諮詢合夥企業(有限合夥)) (“Huizhi Yihao”) and Tianjin Junlian Jieyou Enterprise Management Consultancy Partnership (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) (“Junlian Jieyou”) as limited partners, respectively. Huizhi Yihao is owned as to 48.85% by Mr. ZHU Linan (朱立南) as limited partner. Additionally, Junlian Wenda is held as to 39.48% by Beijing Junlian Xinhai Equity Investment Partnership (Limited Partnership) (北京君聯新海股權投資合夥企業(有限合夥)) (“Junlian Xinhai”) as a limited partner, the general partner of which is Junlian Tongdao. Therefore, Junlian Xinhai is deemed to be interested in the same number of A Shares in which Junlian Wenda is interested under the SFO. In addition, Junlian Maolin directly held 6,146,243 A Shares. To the best knowledge of our Company, the general partner of Junlian Maolin is Junlian Tongdao. As such, Junlian Tongdao, Lasa Junqi, Junqi Tongdao, Lasa Bodao, Legend Capital, Juncheng Hezhong, Junqi Jiarui, Huizhi Yihao, Junlian Jieyou, Mr. WANG Nengguang (王能光), Mr. CHEN Hao (陳浩) and Mr. ZHU Linan (朱立南) are deemed to be interested in our A Shares held by Junlian Wenda and Junlian Maolin under the SFO.
5. JPMorgan Chase & Co. has a total interest of 17,094,630 (long position), 1,226,000 (short position) and 9,763,9890 (lending pool) Shares in our Company by virtue of its relationship with a number of corporation. According to the disclosure of interest notice filed by JPMorgan Chase & Co. with a relevant event date of December 23, 2020, the following interest in H shares were held by JPMorgan Chase & Co.

Name of controlled corporation	Name of controlling person	% control	Direct interest (Y/N)	Number of shares
China International Fund Management Co., Ltd.....	JPMORGAN ASSET MANAGEMENT (UK) LIMITED	49.00	Y	908,400 (L)
JPMorgan Asset Management (Taiwan) Limited .....	JPMorgan Asset Management (Asia) Inc.	100.00	Y	206,500 (L)
J.P. Morgan Securities LLC.....	J.P. Morgan Broker-Dealer Holdings Inc.	100.00	Y	396,300 (L)
JPMORGAN CHASE BANK, N.A. – LONDON BRANCH.....	JPMorgan Chase Bank, National Association	100.00	Y	8,763,989 (L)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED .....	JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	100.00	Y	25,700 (L)
J.P. Morgan Investment Management Inc.....	JPMorgan Asset Management Holdings Inc.	100.00	Y	321,100 (L)
JPMorgan Chase Bank, National Association .....	JPMorgan Chase & Co.	100.00	Y	276,600 (L)
JPMorgan Asset Management (Asia Pacific) Limited .....	JPMorgan Asset Management (Asia) Inc.	99.99	Y	3,539,600 (L)
J.P. MORGAN SECURITIES PLC ..	J.P. MORGAN CAPITAL HOLDINGS LIMITED	100.00	Y	2,656,441 (L) 1,226,000 (S)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED .....	JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	100.00	N	908,400 (L)
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED.....	JPMorgan Asset Management Holdings Inc.	100.00	N	934,100 (L)
JPMorgan Asset Management Holdings Inc. ....	JPMorgan Chase Holdings LLC	100.00	N	5,001,300 (L)

<u>Name of controlled corporation</u>	<u>Name of controlling person</u>	<u>% control</u>	<u>Direct interest (Y/N)</u>	<u>Number of shares</u>
JPMorgan Chase Holdings LLC .....	JPMorgan Chase & Co.	100.00	N	5,397,600 (L)
JPMorgan Asset Management (Asia) Inc.....	JPMorgan Asset Management Holdings Inc.	100.00	N	3,746,100 (L)
J.P. Morgan Broker-Dealer Holdings Inc. ....	JPMorgan Chase Holdings LLC	100.00	N	396,300 (L)
JPMorgan Chase Bank, National Association .....	JPMorgan Chase & Co.	100.00	N	11,420,430 (L) 1,226,000 (S)
J.P. MORGAN CAPITAL HOLDINGS LIMITED.....	J.P. Morgan International Finance Limited	100.00	N	2,656,441 (L) 1,226,000 (S)
J.P. Morgan International Finance Limited .....	JPMorgan Chase Bank, National Association	100.00	N	2,656,441 (L) 1,226,000 (S)

The capacity under which the interests are held are as follow:

<u>Capacity in which interest is held</u>	<u>Number of H Shares</u>
Interest of controlled corporation .....	1,929,941 (L)
Invest manager .....	1,226,000 (S)
Person having security interest in the shares.....	5,277,900 (L)
Approved lending agent .....	1,122,800 (L)
	8,763,989 (L)

Additionally, 127,200 (short position) H Shares were held through a physically settled unlisted derivative, and 293,000 (long position) H Shares and 1,098,800 H Shares (short position) were held through a cash settled unlisted derivative.

- According to the disclosure of interest notice filed by The Capital Group Companies, Inc. with a relevant event date of December 27, 2019, it has a total interest of 16,060,700 (long position) Shares in our Company by virtue of its control over Capital Research and Management Company.
- According to the disclosure of interest notice filed by BlackRock Inc. with a relevant event date of November 30, 2020, the following interest in H Shares were held by BlackRock Inc.:

<u>Name of controlled corporation</u>	<u>Name of controlling person</u>	<u>% control</u>	<u>Direct interest (Y/N)</u>	<u>Number of shares</u>
Trident Merger, LLC .....	BlackRock, Inc.	100.00	N	100,300 (L)
BlackRock Investment Management, LLC .....	Trident Merger, LLC	100.00	Y	100,300 (L)
BlackRock Holdco 2, Inc. ....	BlackRock, Inc.	100.00	N	9,550,525 (L)
BlackRock Financial Management, Inc.....	BlackRock Holdco 2, Inc.	100.00	N	8,975,125 (L)
BlackRock Financial Management, Inc.....	BlackRock Holdco 2, Inc.	100.00	Y	575,400 (L)
BlackRock Holdco 4, LLC .....	BlackRock Financial Management, Inc.	100.00	N	3,549,900 (L)
BlackRock Holdco 6, LLC .....	BlackRock Holdco 4, LLC	90.00	N	3,549,900 (L)
BlackRock Delaware Holdings Inc..	BlackRock Holdco 6, LLC	100.00	N	3,549,900 (L)
BlackRock Institutional Trust Company, National Association...	BlackRock Delaware Holdings Inc.	100.00	Y	1,667,900 (L)
BlackRock Fund Advisors .....	BlackRock Delaware Holdings Inc.	100.00	Y	1,882,000 (L)
BlackRock Capital Holdings, Inc. ...	BlackRock Financial Management, Inc.	100.00	N	27,800 (L)
BlackRock Advisors, LLC .....	BlackRock Capital Holdings, Inc.	100.00	N	21,100 (L)
BlackRock Advisors, LLC .....	BlackRock Capital Holdings, Inc.	100.00	Y	6,700 (L)
BlackRock Capital Management, Inc.....	BlackRock Advisors, LLC	100.00	Y	21,100 (L)
BlackRock International Holdings, Inc. ....	BlackRock Financial Management, Inc.	100.00	N	5,397,425 (L)
BR Jersey International Holdings L.P. ....	BlackRock International Holdings, Inc.	86.00	N	5,397,425 (L)
BlackRock Lux Finco S.à r.l. ....	BlackRock HK Holdco Limited	100.00	N	561,512 (L)



<u>Name of controlled corporation</u>	<u>Name of controlling person</u>	<u>% control</u>	<u>Direct interest (Y/N)</u>	<u>Number of shares</u>
BlackRock Japan Holdings GK .....	BlackRock Lux Finco S.à r.l.	100.00	N	561,512 (L)
BlackRock Japan Co., Ltd. ....	BlackRock Japan Holdings GK	100.00	Y	561,512 (L)
BlackRock Holdco 3, LLC .....	BR Jersey International Holdings L.P.	100.00	N	4,650,213 (L)
BlackRock Canada Holdings LP.....	BlackRock Holdco 3, LLC	99.90	N	13,100 (L)
BlackRock Canada Holdings ULC ..	BlackRock Canada Holdings LP	100.00	N	13,100 (L)
BlackRock Asset Management Canada Limited.....	BlackRock Canada Holdings ULC	100.00	Y	13,100 (L)
BlackRock Australia Holdco Pty. Ltd. ....	BR Jersey International Holdings L.P.	100.00	N	65,800 (L)
BlackRock Investment Management (Australia) Limited.....	BlackRock Australia Holdco Pty. Ltd.	100.00	Y	65,800 (L)
BlackRock (Singapore) Holdco Pte. Ltd. ....	BR Jersey International Holdings L.P.	100.00	N	681,412 (L)
BlackRock HK Holdco Limited.....	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	N	642,512 (L)
BlackRock Asset Management North Asia Limited .....	BlackRock HK Holdco Limited	100.00	Y	81,000 (L)
BlackRock Cayman 1 LP .....	BlackRock Holdco 3, LLC	100.00	N	4,637,113 (L)
BlackRock Cayman West Bay Finco Limited .....	BlackRock Cayman 1 LP	100.00	N	4,637,113 (L)
BlackRock Cayman West Bay IV Limited .....	BlackRock Cayman West Bay Finco Limited	100.00	N	4,637,113 (L)
BlackRock Group Limited.....	BlackRock Cayman West Bay IV Limited	90.00	N	4,637,113 (L)
BlackRock Finance Europe Limited .....	BlackRock Group Limited	100.00	N	1,624,828 (L)
BlackRock Advisors (UK) Limited..	BlackRock Finance Europe Limited	100.00	Y	20,500 (L)
BlackRock Group Limited–Luxembourg Branch .....	BlackRock Group Limited	100.00	N	3,012,285 (L)
BlackRock Luxembourg Holdco S.à r.l. ....	BlackRock Group Limited – Luxembourg Branch	100.00	N	745,685 (L)
BlackRock Investment Management Ireland Holdings Limited .....	BlackRock Luxembourg Holdco S.à r.l.	100.00	Y	745,685 (L)
BlackRock Asset Management Ireland Limited .....	BlackRock Investment Management Ireland Holdings Limited	100.00	Y	2,266,600 (L)
BLACKROCK (Luxembourg) S.A...	BlackRock Luxembourg Holdco S.à r.l.	100.00	N	843,955 (L)
BlackRock Investment Management (UK) Limited .....	BlackRock Finance Europe Limited	100.00	Y	760,373 (L)
BlackRock Fund Managers Limited .....	BlackRock Investment Management (UK) Limited	100.00	Y	843,955 (L)
BlackRock (Singapore) Limited .....	BlackRock (Singapore) Holdco Pte. Ltd.	100.00	Y	38,900 (L)

8. According to the disclosure of interest notice filed by FMR LLC. with a relevant event date of December 11, 2020, the following interest in H Shares were held by FMR LLC:

<u>Name of controlled corporation</u>	<u>Name of controlling person</u>	<u>% control</u>	<u>Direct interest (Y/N)</u>	<u>Number of shares</u>
FIDELITY MANAGEMENT & RESEARCH COMPANY LLC ....	FMR LLC	100.00	Y	100,000 (L)
FIDELITY MANAGEMENT & RESEARCH COMPANY LLC ....	FMR LLC	100.00	N	9,128,636 (L)
FIDELITY MANAGEMENT & RESEARCH (HONG KONG LIMITED).....	FIDELITY MANAGEMENT & RESEARCH COMPANY LLC	100.00	Y	8,843,436 (L)
FIAM HOLDINGS LLC.....	FMR LLC	100.00	N	1,158,229 (L)
FIDELITY INSTITUTIONAL ASSET MANAGEMENT TRUST COMPANY .....	FIAM HOLDINGS LLC	100.00	N	1,153,700 (L)
FIAM LLC .....	FIAM HOLDINGS LLC	100.00	N	4,529 (L)
FIDELITY ADVISORY HOLDINGS LLC .....	FMR LLC	100.00	N	277,600 (L)
STRATEGIC ADVISERS LLC.....	FIDELITY ADVISORY HOLDINGS LLC	100.00	N	277,600 (L)
FIDELITY CANADA INVESTORS LLC .....	OWNED BY CERTAIN EMPLOYEES AND SHAREHOLDERS OF FMR LLC	100.00	N	259,710 (L)
BAY STREET HOLDINGS LLC.....	FIDELITY CANADA INVESTORS LLC	100.00	N	259,710 (L)
483A BAY STREET HOLDINGS LP .....	BAY STREET HOLDINGS LLC	18.00	N	259,710 (L)
BLUEJAY LUX 1 S.A.R.L.....	483A BAY STREET HOLDINGS LP	100.00	N	259,710 (L)
FIC HOLDINGS ULC.....	BLUEJAY LUX 1 S.A.R.L.	100.00	N	259,710 (L)
FIDELITY INVESTMENTS CANADA ULC.....	FIC HOLDINGS ULC	100.00	N	259,710 (L)

9. According to the disclosure of interest notice filed by China Structural Reform Fund, CCB (Beijing) Investment Fund Management Co., Ltd. (建信(北京)投資基金管理有限責任公司) (“CCB Beijing”), CCB Trust Co., Ltd. (建信信託有限責任公司) (“CCB Trust”) and China Post Savings Bank Co., Ltd. (中國郵政儲蓄銀行股份有限公司) (“China Post Savings Bank”), each with a relevant event date of December 27, 2019, China Structural Reform Fund has a beneficial interest of 7,931,600 (long position) Shares in our Company and the interest of CCB Beijing, CCB Trust and China Post Savings Banks is as follow:

as filed by CCB Trust

<u>Name of controlled corporation</u>	<u>Name of controlling person</u>	<u>% control</u>	<u>Direct interest (Y/N)</u>	<u>Number of shares</u>
CCB Beijing.....	CCB Trust	100.00	N	7,931,600 (L)
China Structural Reform Fund.....	CCB Beijing	38.20	Y	7,931,600 (L)

as filed by China Post Savings Bank Co., Ltd.

<u>Names of trust</u>	<u>Capacity</u>	<u>Number of H Shares</u>
CCB Trust-Wutong Tree Fund Trust Plan (asset allocation class 26 investment unit) (建信信託-梧桐樹資金信託計劃(資產配置類26號投資單元)) .....	Beneficiary of a trust (other than a discretionary interest)	7,931,600 (L)

**Substantial shareholders of other members of the Group**

Name	Member of the Group	Approximate percentage held by the substantial shareholder
WU Yu .....	Nanjing Sirui Biotechnology Co., Ltd. (南京思睿生物科技有限公司)	23.04%
Nanjing Sanomai Kang Enterprise Management Partnership (Limited Partnership) (南京賽諾邁康企業管理合夥企業(有限合夥)) .....	Nanjing Sirui Biotechnology Co., Ltd. (南京思睿生物科技有限公司)	14.73%
Nanjing Xiya Enterprise Management Partnership (Limited Partnership) (南京希雅企業管理合夥企業(有限合夥)) .....	Nanjing Sirui Biotechnology Co., Ltd. (南京思睿生物科技有限公司)	6.67%
Shin Nippon Biomedical Laboratories, Ltd.	Pharmaron CPC, Inc	20.00%
LIU Yang.....	LinkStart (北京聯斯達醫藥科技發展有限公司)	22.40%
Beijing Deshu Enterprise Management Center (Limited Partnership) (北京德數企業管理中心(有限合夥)).....	LinkStart (北京聯斯達醫藥科技發展有限公司)	8.00%
Hainan Shenzhou Deshu No. 1 Management Center (Limited Partnership) (海南神州德數一號管理中心(有限合夥)) .....	Hainan Shenzhou Deshu Medical Technology Co., Ltd (海南神州德數醫療科技有限公司)	20.00%
寧波康智眾盛企業管理諮詢合夥企業(有限合夥).....	康龍化成(寧波)生物醫藥有限公司	15.00%

Save as disclosed above, as of December 31, 2020, to the knowledge of the Directors, no other person had, or were deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the registry kept by the Company pursuant to Section 336 of the SFO.

## DESCRIPTION OF THE SHARES

*The following information is a summary of certain provisions of the Company's Articles of Association and certain other information concerning the Company. These statements are only a summary and qualified in their entirety by reference to the full Articles of Association of the Company and Company Law of the People's Republic of China.*

After the establishment of the Company, the Company publicly issued 65,630,000 A Shares with the approval of the CSRC, which were listed on the Shenzhen Stock Exchange on January 28, 2019.

On October 24, 2019, 4,077,387 Restricted A Shares of the Company were approved for eligible employees under the A Share Incentive Scheme and the grant date was October 30, 2019. As of November 13, 2019, 4,077,387 A Shares were subscribed by eligible employees.

Subsequently, the Company publicly issued 116,536,100 H Shares with the approval of the CSRC, which were listed on the Hong Kong Stock Exchange on November 28, 2019. The joint global coordinators of the listing of H Shares exercised the over-allotment option in full and the Company further issued 17,480,400 H Shares.

After the completion of the above issuance of A Shares and H Shares, the total share capital of the Company is 794,387,462 Shares, among which 660,370,962 are A Shares, representing 83.13 per cent., and 134,016,500 are H Shares, representing 16.87 per cent., of the total share capital of the Company, respectively.

The Company proposed to repurchase and cancel 193,024 Restricted A Shares granted under the A Share Incentive Scheme due to the resignation of the three grantees of such Restricted A Shares in accordance with the provisions of the A Share Incentive Scheme, and the decrease of number of issued shares of the Company from 794,387,462 shares to 794,194,438 shares, which were approved by the Company's shareholders at the annual general meeting dated May 28, 2021. Subsequently, the total share capital of the Company became 794,194,438 Shares, among which 660,177,938 are A Shares, representing 83.13 per cent., and 134,016,500 are H Shares, representing 16.87 per cent., of the total share capital of the Company, respectively.

## TAXATION

*The following summary of certain PRC, Hong Kong, and European Union tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as of May 31, 2021, all of which are subject to change (possibly with retroactive effect). This summary 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 person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds.*

*Persons considering the purchase of the Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Bonds.*

### PRC

*The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes (the “non-PRC Holders”). In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.*

#### ***Taxation of the Bonds***

The Issuer is considered a PRC tax resident enterprise for the purpose of the EIT Law and is subject to enterprise income tax at a rate of 25 per cent. on its income sourced from both within and outside the PRC. On that basis, Holders will be subject to withholding tax, income tax and other taxes or duties imposed by relevant government authorities in the PRC in respect of the holding of the Bonds or any repayment of principal, and premium (if any) and interest (if any) made thereon, as further described below.

Pursuant to the EIT Law and the IIT Law as amended, and their implementation rules, any non-PRC resident enterprise without an establishment within the PRC or whose income has no actual connection to its establishment inside the PRC or any non-PRC resident individual who is not residing in the PRC or who has resided in the PRC for less than 183 days with a tax year, must pay income tax on the PRC-sourced income, unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where the non-resident is established or tax resided and the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, the Issuer must withhold income tax from the payments of redemption premium (if any) and interest (if any) on the Bonds to any non-PRC resident enterprise Holder and any non-PRC resident individual Holder. The Issuer has agreed to pay additional amounts to Holders, subject to certain exceptions, so that Holders receive the full amount of the scheduled payment, as further set out in the Terms and Conditions.

Under the EIT Law and its implementation rules, any gains realized on the transfer of the Bonds by non-PRC resident enterprise Holders under the EIT Law may be subject to PRC enterprise income tax if such gains are regarded as PRC-sourced income. If the gains derived from the disposal of the Bonds issued by a PRC enterprise and held by non-PRC resident enterprise Holders are regarded as PRC-sourced income, such gain will be subject to PRC enterprise income tax. However, it is not clear under the PRC laws whether the Bonds are for PRC tax purposes. Therefore, there is uncertainty as to whether gains realized on the transfer of the Bonds by non-PRC individual Holders will be subject to PRC individual income tax.

In addition, under the IIT Law, individuals who do not have a domicile in the PRC and have not resided in the PRC, or individuals who do not have a domicile in the PRC but have resided in the PRC for less than 183 days cumulatively within a tax year, shall be deemed as non-resident individuals. Income derived by non-resident individuals from China shall be subject to individual income tax pursuant to the provisions of the IIT Law. There is uncertainty as to whether gains realized on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax.

Any PRC tax on interest, redemption premium or transfers of Bonds will apply at a rate of 10 per cent. in the case of non-PRC enterprises and 20 per cent. in the case of non-PRC individuals unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

The conversion of the Bonds by non-PRC Holders is not subject to PRC income tax.

### ***Taxation of the H Shares***

#### *Taxation of Dividends on H Shares*

According to the Notice Regarding Questions on Withholding Enterprise Income tax When PRC Resident Enterprises Distribute Dividends to Non-resident Enterprise Shareholders of H Shares (Guoshuihan [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the SAT, which became effective on November 6, 2008, PRC issuers should withhold enterprise income tax at a rate of 10% when they distribute dividends to non-resident enterprise shareholders of H Shares. Non-resident enterprise investors in H-shares can file an application with the PRC tax authorities to apply any tax treatments in accordance with applicable tax agreements (or arrangements). Such investors will be required to provide materials proving that they are the beneficial owners that meet the requirements of any such tax treatments.

According to the IIT Law as amended, and its implementation rules, dividends paid by PRC companies to individual shareholders are generally subject to a PRC withholding tax levied at a flat rate of 20%. Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax following the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) issued by the SAT, if a domestic non-foreign-invested enterprise issues its shares in Hong Kong, its non PRC resident individual shareholders may be entitled to preferential tax treatments in accordance with the applicable tax treaties and arrangements. Generally, the distribution of dividends by a domestic non-foreign-invested enterprise whose shares are issued and listed in Hong Kong is subject to a withholding individual income tax of 10% and there is no need to apply to the PRC tax authorities to qualify for this rate. If the tax rate specified in the relevant tax treaty or arrangement is lower than 10%, an individual shareholder who receives dividends may apply to the PRC tax authorities for a refund of the excess amount withheld. In accordance with the PRC laws, if an individual shareholder is a resident of a country which has entered into a tax treaty with the PRC and the agreed tax rate is higher than 10% but lower than 20%, his dividend will be subject to income tax at the agreed tax rate. If an individual shareholder is a resident of a country which has not entered into a tax treaty with the PRC, his dividend will be subject to income tax at a tax rate of 20%. The Issuer will withhold tax from any dividend payment at the applicable tax rate (which may be higher than 10% if the relevant individual shareholders and the tax rate applicable to such shareholder can be identified by the Issuer).

#### *Taxation of Capital Gains related to transfer of H Shares*

According to the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its PRC-sourced income, including the gains derived from the disposal of equity interests in a PRC enterprise. Such tax may be reduced or eliminated under applicable tax treaties.

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed enterprises continues to be exempted from individual income tax. After the latest amendment to the IIT Law, the SAT has not explicitly stated whether it will continue to exempt individual income tax on income derived by individuals from the

transfer of listed shares. However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)) and Supplementary Notice of the Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》(財稅[2010]70號)), which provides that individuals' income from transferring listed shares on certain domestic exchanges generally will continue to be exempted from the individual income tax. The aforementioned provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individuals on gains from the sale of H Shares.

#### *Tax Arrangements and Treaties*

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) with respect to taxes on income signed on August 21, 2006, the PRC tax authorities may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident beneficially owns at least 25% equity interest in a PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

Investors who do not reside in the PRC and reside in countries that have entered into avoidance of double taxation treaties with the PRC may be entitled to a reduction of the tax imposed on payments to investors in the Company who do not reside in the PRC. The PRC currently has double-taxation treaties with many nations in the world, which include but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

#### *Stamp duty*

Except for the PRC stamp duty on booking capital account (記載資金的賬簿) which must be paid by the Issuer as a result of the issuance of H Shares on the conversion of the Bonds, no PRC stamp duty will be chargeable upon the issue or transfer of the Bonds or H Shares (if the register of the Holders is maintained outside the PRC and the issue or transfer of the Bonds or H Shares are made outside of the PRC).

### **Hong Kong**

#### *Withholding tax*

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Bonds) or interest on the Bonds.

#### *Stamp duty*

No Hong Kong stamp duty will be chargeable upon the issue and transfer of a Bond.

### **The Proposed Financial Transactions Tax (“FTT”)**

On February 14, 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Bondholders are advised to seek their own professional advice in relation to the FTT.



## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated June 8, 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in the amounts set forth opposite their respective names below:

Joint Lead Managers	Principal amount of the Series 1 Bonds to be subscribed	Principal amount of the Series 2 Bonds to be subscribed
	(US\$)	(RMB)
Goldman Sachs (Asia) L.L.C.....	180,000,000	1,149,600,000
CLSA Limited .....	99,000,000	632,280,000
J.P. Morgan Securities plc .....	21,000,000	134,120,000
<b>Total</b> .....	<b>300,000,000</b>	<b>1,916,000,000</b>

The Issuer has agreed with the Joint Lead Managers in the Subscription Agreement that for the period of 90 days after the Issue Date (both dates inclusive), neither the Issuer nor any person acting on its behalf will, without the prior written consent of the Joint Lead Managers, (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, provided that this restriction shall not apply to (i) the Bonds and the New Shares issued on conversion of the Bonds, or (ii) any Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Issuer or any of its subsidiaries pursuant to any employee share scheme or plan.

The Subscription Agreement provides that the Issuer will 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 it in certain circumstances prior to payment for the Bonds being made to the Issuer.

The Joint Lead Managers and their respective subsidiaries 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. The Joint Lead Managers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and have entered, and may in the future enter, into certain commercial banking transactions with, and have performed, and may in the future perform services for the Issuer, the Group and/or their respective subsidiaries and affiliates in the ordinary course of their business for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Bonds and be allocated Bonds for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their affiliates acting in such capacity. 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 and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of their or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such investment and securities activities may involve securities and instruments of the Issuer and 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). Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

No action has been or will be taken that would, or is intended to, permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer or the Joint Lead Managers.

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 authorized.

## **Selling Restrictions**

### ***General***

None of the Issuer nor the Joint Lead Managers makes any representation that any action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each of the Joint Lead Managers will comply to the best of its knowledge and belief in all material respects with all applicable securities laws and regulations in each jurisdiction in which they offer, sell or deliver Bonds or have in their possession or distribute this Offering Circular or any amendment or supplement thereto. The Issuer and the other Joint Lead Managers will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any offer, sale or delivery. None of the Joint Lead Managers is authorized to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, this Offering Circular or any amendment or supplement to it.

If a jurisdiction requires that the offering of the Bonds be made by a licensed broker or dealer and a Joint Lead Manager or any affiliate of that Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering of the Bonds shall be deemed to be made by that Joint Lead Manager or its affiliate on behalf of the Issuer in such jurisdiction.

### ***United States***

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

### ***United Kingdom***

Each of the Joint Lead Managers has represented, warranted and agreed that:

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

### ***PRC***

Each Joint Lead Manager has represented, warranted and agreed 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 Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

### ***Hong Kong***

Each Joint Lead Manager has represented and agreed 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 the laws of Hong Kong) (the “SFO”) and any rules made thereunder; 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 the laws 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 thereunder.

### ***Singapore***

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has

represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (iii) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (iv) where no consideration is or will be given for the transfer;
- (v) where the transfer is by operation of law;
- (vi) as specified in Section 276(7) of the SFA; or

as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018. Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***Japan***

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized 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.

### ***Cayman Islands***

Each Joint Lead Manager has represented, warranted and agreed that no offer of the Bonds will be made directly or indirectly to the public in the Cayman Islands.

## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The Legal Entity Identifier of the Issuer is 300300JYXHGVS5SNGG54. The Common Code of the Series 1 Bonds is 235239574 and the International Securities Identification Number of the Series 1 Bonds is XS2352395748. The Common Code of the Series 2 Bonds is 235301172 and the International Securities Identification Number of the Series 2 Bonds is XS2353011724.
2. **Authorizations:** The Company has obtained all necessary consents, approvals and authorizations in connection with the issue of and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds and the right of conversion into Shares was authorized by the resolutions of the Board of Directors passed on June 4, 2021 and the issue of the Shares upon conversion of the Bonds was authorized by the general mandate granted to the Board by the Shareholders on May 28, 2021.
3. **No Material Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), trading position, prospects, results of operations, business or general affairs of the Company or the Group since December 31, 2020.
4. **Litigation:** From time to time, the Company and other members of the Group may be involved in litigation or other disputes that arise in the ordinary course of business. However, none of the Company or any member of the Group is currently involved in any litigation, disputes or arbitration proceedings which the Group believes are material in the context of the Bonds, and the Company is not aware of any material litigation, disputes or arbitration proceedings that are currently pending or threatened.
5. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and formal permission is expected to become effective on June 21, 2021.
6. **Listing of Shares:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Bonds.
7. **Available Documents:** As long as any of the Bonds are outstanding, copies of the Trust Deeds, the Agency Agreements and the Calculation Agency Agreement will be available for inspection to Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m.) following prior written request and proof of holding and identity satisfactory to the Principal Agent at the specified office of the Principal Agent, and, in the case of the documents referred to below, copies may be obtained during normal business hours at the specified office of the Issuer at the office of O'Melveny & Myers at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong:
  - Articles of Association of the Company;
  - copies of the audited consolidated financial statements of the Company as of and for the years ended December 31, 2019 and 2020;
  - the Agency Agreements;
  - the Trust Deeds; and
  - the Calculation Agency Agreement.
8. **Independent Auditors:** The Company's consolidated audited financial statements as of and for the years ended December 31, 2019 and 2020 have been audited by Ernst & Young, Certified Public Accountants, Hong Kong.

The independent auditors of the Company have agreed to the incorporation by reference in this Offering Circular of, and all references to, (i) their name, (ii) their audit reports on the consolidated financial statements of the Company for the years ended December 31, 2019 and 2020.

**ISSUER**

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Beijing, China

**TRUSTEE**

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Hong Kong

**PRINCIPAL PAYING AGENT, PRINCIPAL CONVERSION AGENT, PRINCIPAL  
TRANSFER AGENT AND REGISTRAR**

**Citibank, N.A. London Branch**  
c/o Citibank, N.A. Dublin Branch  
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Ireland

**CALCULATION AGENT**

**Conv-Ex Advisors Limited**  
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*As to PRC law*

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**INDEPENDENT AUDITORS**

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