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本公告及當中所述的上市文件僅按香港聯合交易所有限公司證券上市規則（「**上市規則**」）規定刊發以供參考，且並不構成任何證券的出售要約或招攬購買要約。本公告或當中所述任何事宜（包括上市文件）一概並不組成任何合約或承諾的基準。為免生疑，刊發本公告及當中所述的上市文件不應被視為根據發行人（定義見下文）或其代表就香港法例第32章《公司（清盤及雜項條文）條例》而言刊發章程作出證券發售，亦並不構成就香港法例第571章《證券及期貨條例》而言包含邀請公眾人士訂立或要約訂立協議以收購、處置、認購或包銷證券的廣告、邀請或文件。

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致香港投資者通知：發行人（定義見下文）確認，債券（定義見下文）擬僅供專業投資者（定義見上市規則第三十七章）購買，並已按此基準在香港聯合交易所有限公司上市。因此，發行人確認，債券並不適合供香港的零售投資者作投資用途。投資者務請審慎考慮所涉及的風險。

刊登發售通函



ZTE CORPORATION

(中興通訊股份有限公司)

(於中華人民共和國註冊成立的股份有限公司)

(股份代號：00763)

人民幣3,584百萬元零息美元結算於2030年到期的

H股可轉換債券

(債券股份代號：85046)

本公告乃中興通訊股份有限公司(「**發行人**」或「**公司**」)根據香港聯合交易所有限公司(「**香港聯交所**」)證券上市規則第37.39A條刊發。

茲提述發行人於2025年8月5日所刊發人民幣3,584百萬元零息美元結算於2030年到期的H股可轉換債券(「**債券**」)於香港聯交所上市的通告。

請參閱本公告隨附日期為2025年7月28日的發行通函(「**發行通函**」)，內容有關債券。按發行通函所披露，債券僅供專業投資者(定義見上市規則第三十七章)購買，並已按此基準在香港聯交所上市。

發行通函並不構成在任何司法權區向公眾人士提呈發售任何證券的招股章程、通告、通函、小冊子或廣告，亦非邀請公眾人士提出認購或購買任何證券的要約，且刊發目的並非邀請公眾人士提出認購或購買任何證券的要約。

發行通函不得被視為誘使認購或購買公司任何證券的行為，且公司無意進行任何此類誘使。

承董事會命

方榕

董事長

深圳，中國

二零二五年八月六日

於本公告日期，本公司董事會包括執行董事：徐子陽；非執行董事：方榕、閆俊武、諸為民、張洪；獨立非執行董事：莊堅勝、王清剛、徐奇鵬；以及職工董事：李妙娜。

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “Offering Circular”). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer (as defined in the attached Offering Circular) or from CLSA Limited and China Securities (International) Corporate Finance Company Limited (the “Lead Managers”) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: By accessing the attached Offering Circular, you shall be deemed to have represented to the Issuer and the Lead Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; (3) you consent to the delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission; (4) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are not a “connected person” (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of the Issuer, which includes but is not limited to any director, chief executive or substantial shareholder of the Issuer or any of its subsidiaries or any associate of any of them within the meaning of the Listing Rules; and (5) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are, and will immediately after completion of the offering of such securities be, independent of and not acting in concert with, any of such connected persons in relation to the control of the Issuer.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Lead Managers, the Trustee (as defined in the attached Offering Circular) and the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Lead Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION 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 AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Managers and their respective affiliates on behalf of the Issuer in such jurisdiction. You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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

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

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ZTE CORPORATION
(中興通訊股份有限公司)

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

(Stock Code: 00763)
(as “Issuer”)

RMB3,584 million U.S. Dollar Settled Zero Coupon Convertible Bonds due 2030
Issue Price: 100.0 per cent.

The RMB3,584 million U.S. dollar settled zero coupon convertible bonds due 2030 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 (*Further Issues*) of the terms and conditions of the Bonds set out in “*Terms and Conditions of the Bonds*” (the “**Terms and Conditions**”) and consolidated and forming a single series therewith) will be issued by ZTE Corporation (中興通訊股份有限公司) (the “**Issuer**”, the “**Company**”, “**ZTE**”, “**we**” or “**us**”). The issue price of the Bonds shall be 100.0 per cent. of the aggregate principal amount of the Bonds. The specified denomination of each Bond shall be RMB2,000,000 each and integral multiples of RMB1,000,000 in excess thereof.

The Bonds will, upon issue, 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 (*Negative Pledge*) 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, subject to the Terms and Conditions, 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 5 August 2025 (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 seven working days prior to the Maturity Date (as defined herein) (both days inclusive) into fully paid ordinary H Shares (as defined in the Terms and Conditions) with a par value of RMB1.00 each of the Issuer at an initial conversion price of HK\$30.25 per H Share (as defined in the Terms and Conditions) with a fixed exchange rate of RMB0.9133 to HK\$1.00 (the “**Fixed Exchange Rate**”). The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the 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 cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at the U.S. Dollar Equivalent (as defined in the Terms and Conditions) of its outstanding principal amount on 5 August 2030 (the “**Maturity Date**”). On giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice will be irrevocable), the Trustee and the Principal Agent, the Issuer may redeem all but not some only of the Bonds at the U.S. Dollar Equivalent of their outstanding principal amount as at the date fixed for redemption, 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 (*Further Issues*) of the Terms and Conditions).

The Issuer may also, 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), redeem all but not some only of the Bonds at the U.S. Dollar Equivalent of their outstanding principal amount as at the date fixed for 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.

The holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Put Date (as defined in the Terms and Conditions) at the U.S. Dollar Equivalent of their outstanding principal amount as at the Relevant Event Put Date, following the occurrence of a Relevant Event (as defined 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 the Bonds of such holder on 5 August 2028 (the “**Put Option Date**”) at the U.S. Dollar Equivalent of their outstanding principal amount on the Put Option Date. See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*”.

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

The Issuer will undertake that it will (i) within 15 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange or its local branch (“**SAFE**”) the Bonds (the “**Foreign Debt Registration**”) pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as of 13 May 2013 as amended from time to time (the “**Foreign Debt Registration Measures**”) and if applicable, 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**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 90 Registration Business Days after the Issue Date) and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to the Foreign Debt Registration Measures, the Cross-Border Financing Circular and any implementing measures promulgated thereunder from time to time.

With reference to the Administrative Measures for the Review and Registration of Medium-and Long-Term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》(國家發展和改革委員會令 第56號)) (“**Order 56**”) issued by the PRC National Development and Reform Commission (the “**NDRC**”) and effective from 10 February 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, the issuance of the Bonds has been registered with the NDRC, and the NDRC has issued a certificate on 25 July 2025 evidencing such registration, which remains valid and in full force and effect. The Issuer will undertake that it will within the relevant prescribed timeframes after the Issue Date file or cause to be filed the requisite information and documents in respect of the Bonds and comply with other reporting obligations in accordance with Order 56 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, including but not limited to, the Initial NDRC Post-Issuance Filing (as defined below).

The Issuer will undertake to file or cause to be filed with the China Securities Regulatory Commission (the “**CSRC**”) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined in the Terms and Conditions) (the “**CSRC Post-Issuance Filings**”, which term for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined below) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time. The Issuer shall file or cause to be filed (a) the initial NDRC Post-Issuance Filing with the NDRC or its competent local counterpart of the information and documents relating to the issue of the Bonds that are required to be filed in accordance with Order 56 within ten Registration Business Days after the Issue Date (the “**Initial NDRC Post-Issuance Filing**”) and (b) the CSRC Filing Report (as defined in the Terms and Conditions) and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three Registration Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”).

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

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

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

Investors should be aware that there are risks relating to the exercise of Conversion Rights of the Bonds, and there are various other risks relating to the Bonds, the Issuer and its subsidiaries, its business and its jurisdiction of operations which investors should familiarise themselves with before making an investment in the Bonds. See “*Risk Factors*” beginning on page 19.

The Bonds will initially be represented by a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on the Issue Date with, a common depositary on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds and the H 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”) 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. For a description of these and certain further restrictions on offers and sales of the Bonds and the H Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” of the Issuer as defined in the Listing Rules (“**Connected Persons**”). Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer, CITIC Securities and China Securities International (the “**Lead Managers**”) that it is not a Connected Person of the Issuer, and will not after completion of the subscription of the Bonds be a Connected Person (as defined in the Listing Rules) of the Issuer. Each prospective investor will be deemed to have agreed with the Issuer and the Lead Managers that it may, to the extent required by the Listing Rules and/or the Hong Kong Stock Exchange and/or the Hong Kong Securities and Futures Commission (the “**SFC**”), disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

The appointment of China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as Trustee, Principal Paying Agent, Registrar, Transfer Agent and Conversion Agent in respect of the Bonds is subject to completion of satisfactory know your client procedures by China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners
CITIC Securities

China Securities International

The date of this Offering Circular is 28 July 2025.

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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 and the Group. 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 Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information (including financial, business conditions and prospects information) with respect to the Issuer, the Group, the Shares and the Bonds, which is material in the context of the issue and offering of the Bonds (the “**Offering**”) (including the information which is required by applicable laws and regulations according to the particular nature of the Issuer and its subsidiaries taken as a whole (the “**Group**”), the Shares and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group, and of the rights attaching to the Shares and the Bonds), (ii) the statements contained in this Offering Circular relating to the Issuer and the Group are in any material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts in relation to the Issuer, the Group, the Bonds and the Shares and to verify the accuracy in all material respects of all such information and statements in relation to the Issuer, the Group, the Bonds and the Shares as contained in this Offering Circular, and (v) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact or other facts in relation to the Issuer, the Group, the Shares or the Bonds, necessary in order to make the statements therein, in the light of the circumstances under which they were made or in the context of the issue and the offering of the Bonds, not misleading. The Issuer accepts full responsibility for the information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular and may not be reproduced, redistributed or made available in whole or in part to any other person for any purpose. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of CLSA Limited and China Securities (International) Corporate Finance Company Limited (the “**Lead Managers**”) or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer or the Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area (the “**EEA**”), the PRC, Hong Kong, Singapore and Japan, 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*”. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section

of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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 Lead Managers may exercise its 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 the Lead Managers will not 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 authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Lead Managers, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as the trustee (the “**Trustee**”) or the Agents (as defined in the Terms and Conditions) or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the

consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them has separately verified the information contained in this Offering Circular and none of them can give any assurance that such 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 Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or of any such information or for any other statement, made or purported to be made by the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Group or the issue and offering of the Bonds or the Shares. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, recommendation, representation or warranty, express or implied, by the Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. 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 Issuer, the Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each prospective investor agrees not to hold the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them 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 Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them 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 Issuer and the Group and the merits and risks involved in investing in the Bonds.

In making an investment decision, investors must rely on their own examination of the Issuer, 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 Issuer 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 Issuer, the Guarantor 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 Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular.

Each of the Lead Managers, the Trustee and the Agents and each of their respective directors, officers, employees, agents, representatives, affiliates and advisers and each person who controls any of them 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 Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them undertakes to review the Issuer'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 Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them.

The Trustee shall not be responsible or have any liability for the recitals, statements, warranties or representations of any other party contained in the Trust Deed (as defined in the Terms and Conditions), the Agency Agreement (as defined in the Terms and Conditions) or any other document entered into in connection with the Bonds, and the Trustee shall be entitled to assume the accuracy and correctness thereof for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence in the Trust Deed, the Agency Agreement or any such other agreement or document referred to above.

In connection with the offering of the Bonds, the Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Lead Managers and/or their respective affiliates, or affiliates of the Issuer, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors:

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

Certain CMIs may also be acting as “overall coordinators” (together, the “**OC**s”) for this offering and are subject to additional requirements under the SFC Code.

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

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

Prospective investors should be aware that certain information may be disclosed by the CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OC, relevant regulators and/or any other third parties as may be

required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

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 Issuer’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 Issuer 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 Issuer’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 Issuer’s and the Group’s present and future business strategies and the environment in which the Issuer or the Group will operate in the future. Important factors that could cause the Issuer’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 this 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 Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its managements' view only as at the date on which it is made. None of the Issuer, the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them 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 AND INCORPORATION OF FINANCIAL INFORMATION

The Group's consolidated statement of comprehensive income and consolidated statement of financial position data for the years ended and as of 31 December 2022, 2023 and 2024 have been extracted from the consolidated financial statements of the Group for the years ended 31 December 2023 and 2024 (the “**Audited Financial Statements**”) contained in the Issuer's 2023 annual report (“**2023 Annual Report**”) and the Issuer's 2024 annual report (“**2024 Annual Report**”), respectively, which have been audited by Ernst & Young Hua Ming LLP and incorporated by reference in this Offering Circular. Such consolidated financial statements are prepared in accordance with the PRC Accounting Standards for Business Enterprise in the PRC (“**PRC GAAP**”).

The Audited Financial Statements (including the related audit reports and the notes thereto) which are contained in pages 123 to 271 of the 2023 Annual Report and pages 127 to 271 of the 2024 Annual Report are incorporated by reference in this Offering Circular. Copies of the 2023 Annual Report and the 2024 Annual Report are available and may be downloaded free of charge from the website of the Hong Kong Stock Exchange at www.hkex.com.hk.

PRC GAAP differs in certain respects from International Financial Reporting Standards (“**IFRS**”). The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “*Summary of Certain Differences Between PRC GAAP and IFRS*”.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular is prepared using a number of conventions, which investors should consider when reading the information contained herein. The terms the “**Issuer**”, the “**Company**”, the “**Group**”, “**ZTE**” and words of similar import refer to ZTE Corporation (中興通訊股份有限公司) itself or to ZTE Corporation (中興通訊股份有限公司) and its consolidated subsidiaries, as the context requires.

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes the information to be reliable, it has not been independently verified by the Issuer, the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them and none of the Issuer, the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Group and the terms of this offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

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

References to the “**PRC**”, “**China**”, “**Mainland of China**” and “**Mainland China**” are to the People’s Republic of China and, for the purposes of this Offering Circular, except where the context requires, do not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China (“**Macau**”) or Taiwan. The “**PRC government**” or the “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

Solely for your convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts at specified rates. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB7.2993 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2024. All such translations in this Offering Circular are provided solely for investors’ convenience and no representation is made that the RMB

amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “*Exchange Rates*”.

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

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

DEFINITIONS AND GLOSSARY OF TERMS

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

“A Share(s)”	ordinary domestic shares of RMB1.00 each issued by the Issuer which are traded in Renminbi on the Shenzhen Stock Exchange
“AAU”	active antenna unit
“AI”	artificial intelligence
“Articles of Association” or “Articles”	the articles of association of the Issuer
“Board of Directors” or “Board”	board of directors of the Issuer
“Bondholder” or “Holder”	a holder of the Bonds
“CSRC”	China Securities Regulatory Commission of the PRC (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Issuer
“Gbps”	gigabits per second
“Group”.	the Issuer and its subsidiaries
“H Share(s)”	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
“Hong Kong Stock Exchange”.	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ICT”	information and communications technology
“IT”	information technology
“Shares”	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
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC

“R&D”	research and development
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局) or its local branch
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)

SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire Offering Circular before making an investment decision to purchase the Bonds.

OVERVIEW

The Issuer was incorporated on 11 November 1997 as a joint stock limited liability company in Guangdong Province, the PRC. The Issuer's A shares were listed on the main board of the Shenzhen Stock Exchange following an initial public offering in November 1997, stock code 000063.SZ. It became the first A share company to be listed on the Main Board of the Hong Kong Stock Exchange following an initial public offering of H shares in December 2004, stock code 00763.HK. The controlling shareholder of the Group is Zhongxingxin Telecom Company Limited, a company which was incorporated in the PRC on 29 April 1993 and has a registered capital of RMB100 million. The Issuer is independent of its controlling shareholder in respect of assets, staffing, finance, organisation and business. The Issuer and its controlling shareholder are audited independently and each assumes its own responsibilities and risks.

The Group is a world-leading provider of integrated telecommunications and IT solutions with a full range of end-to-end ICT products and solutions, integrating design, development, production, sales and services with a special focus on carriers' networks, consumer business and government and corporate business. As a global leading provider of integrated ICT solutions, the Group is organised into business units based on its products and services and has three core operating segments as follows:

- **Carrier's Network.** The carriers' network business focuses on meeting carriers' requirements in network evolution with the provision of wireless access, wireline access, bearer systems, core networks, service and storage and other innovative technologies and production solutions;
- **Consumer Business.** The consumer business focuses on bringing experience in smart devices to customers while also catering to the requirements of industry clients through the development, production and sale of products such as home information terminal, smart phones, mobile Internet terminals, innovative fusion terminals, as well as the provision of related software application and value-added services;
- **Government and Corporate Business.** The government and corporate business focuses on meeting requirements of government and corporate clients, providing informatisation solutions for the government and corporations through the application of products such as communications networks, IOT, Big Data and cloud computing.

Technological leadership is the cornerstone of the Group's development. As at 31 December 2024, the Group has a headcount of over 33,000 R&D personnel, representing over 48.5% of its total workforce. The Group is a major contributor of global patents and participant in the research and standard formulation for global 5G technology. As at 31 December 2024, the Group had submitted approximately 93,000 global patent applications and owned approximately 48,000 authorised global patents, including approximately 5,500 patent applications and over 2,000 authorised patents in the chip sector. In the AI sector, the

Group had over 5,000 patent applications and close to half of them had been authorised. The Group has received 11 gold awards, 3 silver awards and 39 awards of excellence in the patent awards of China. The Group is a member of more than 200 international standardisation organisations, industry alliances, scientific associations and open-source communities, such as ITU (International Telecommunication Union), 3GPP (third generation partnership programme), ETSI (European Telecommunications Standards Institute), NGMN (The Next Generation Mobile Networks), IEEE (Institute of Electrical and Electronics Engineers), CCSA (The China Communications Standards Association), 5GAIA (5G Applications Industry Array) and AII (Alliance of Industrial Internet) and a board member of numerous organisations such as GSA (Global Suppliers' Alliance) and ETSI (The European Telecommunications Standards Institute).

With innovative technologies and product solutions, the Group serves global telecom operators, consumers and government and enterprise customers. Covering more than 160 countries and regions, the Group serves over one-fourth of people worldwide and is committed to achieving a future of global connectivity and trust. The Group strives to create an intelligent future with digital innovation, an excellent growth platform for employees and greater value for customers, shareholders and stakeholders across the globe. The Group intends to persist in its innovation-driven approach and maintain its strategic focus to speed up transition from connectivity to computility while controlling operational risks to maintain stable operations.

As at 31 December 2024, the total share capital of the Issuer was 4,783,534,887 shares (including 4,028,032,353 A shares and 755,502,534 H shares), all of which have already been paid up. As at 31 December 2022, 2023 and 2024, the Group's total assets amounted to RMB180,953.6 million, RMB200,958.3 million and RMB207,323.2 million. For the years ended 31 December 2022, 2023 and 2024, the Group recorded operating revenue of RMB122,954.4 million, RMB124,250.9 million and RMB121,298.8 million, respectively. For the same periods, the Group recorded net profit attributable to holders of ordinary shares of the listed company of RMB8,080.3 million, RMB9,325.8 million and RMB8,424.8 million, respectively.

COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success and differentiate us from our competitors:

- Commitment to long-term investment and mastery of foundational technologies.
- A leading position in the ICT industry in China.
- Strong global market expansion and service capabilities.

BUSINESS STRATEGIES

The Group positions itself as a “path-builder for digital economy”, focusing on the pathway of “connectivity + computility”. In the presence of new challenges as well as opportunities, the Group will operate its business on the principle of “seeking advancement while ensuring stability and pursuing innovation while assuring the principal business” and strengthen its resilience, expediting development of the secondary-curve business represented by products

and solutions such as server and storage and data centre switch, and computing and handset on top of stable advancement of the primary-curve business represented by wireless and wireline products, in order to chart new frontiers.

RECENT DEVELOPMENTS

ELECTION OF THE EMPLOYEE DIRECTOR OF THE BOARD

On 23 May 2025, the Group announced that Ms. Li Miaona was elected as the employee director of the Board at the sixth meeting of the ninth session employee representative congress of the Issuer. Ms. Li's term of office commenced on 23 May 2025 and will expire upon the conclusion of the term of the tenth session of the Board on 27 March 2028. Ms. Li has been supervisor of the Issuer from March 2022 to April 2025. She has extensive management and operational experience. Please refer to the section headed "*Directors and Senior Management — Directors*" for her biography.

ABOLISHMENT OF THE SUPERVISORY COMMITTEE

At the First Extraordinary General Meeting of 2025 of the Issuer held on 24 April 2025 (the "EGM"), the shareholders of the Issuer approved amendments to the Articles of Association, the Rules of Procedure for General Meetings of Shareholders of the Issuer and the Rules of Procedure for Board of Directors Meetings Issuer, in order to comply with the regulatory requirements for listed companies in the PRC and to further improve the Issuer's corporate governance. The said amendments were made in accordance with the provisions of the Company Law of PRC and the Guidelines for the Articles of Association of Listed Companies (Revised in 2025) issued by the CSRC on 28 March 2025. Pursuant to the amendments to the Articles of Association, the term of Supervisory Committee of the Issuer shall expire and the Supervisory Committee of the Issuer shall be abolished. After the EGM, all the functions and powers of the Supervisory Committee of Issuer shall be exercised by the Audit Committee of the Board.

PROVISION OF GUARANTEE FOR A SUBSIDIARY

On 24 April 2025, the Group announced that it resolved to provide a total guarantee amount of no more than US\$1.5 billion for the payment obligations of its subsidiary, ZTE KANGXUN TELECOM CO., LTD. in the procurement business, commencing on the date on which the letter of guarantee comes into effect and ending when the subsidiary terminates the procurement from suppliers and no debt payment is due and outstanding.

FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2025

For the three months ended 31 March 2025, the Group recorded a decrease in net cash flows from operating activities when compared to the corresponding period in 2024 primarily due to an increase in cash paid for the purchase of goods and labour services. In addition, the Group recorded an increase in investment income, primarily due to an increase in gain from structured deposits and decrease in loss from associates and joint ventures, and an increase in credit impairment losses, primarily due to increase in receivable impairment provisions.

As at 31 March 2025, as compared to their respective balances as at 31 December 2024, the Group recorded (i) an increase in total assets, primarily due to an increase in prepayment for purchases from third parties, unexpired bill discounting for the period and purchase of fixed-income certificates and prepaid VAT and credit tax available for set-off, and (ii) an increase in total liabilities, primarily due to an increase in long term borrowings, dividends payable and medium-term notes issued for the period.

The financial information of the Group as at and for the three months ended 31 March 2025 is prepared in accordance with PRC GAAP and has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such financial information as at and for the three months ended 31 March 2025 should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ended 31 December 2025.

ELECTION OF CHAIR OF THE BOARD

At the first meeting of the tenth session of the Board held on 31 March 2025, Ms. Fang Rong was elected as chair of the Board. Ms. Fang Rong has been a Non-executive Director of the Issuer since June 2018. She has many years of operational and management in the telecommunication industry. Please refer to the section headed “*Directors and Senior Management — Directors*” for her biography.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS AND WEALTH MANAGEMENT PRODUCTS

On 28 February 2025, the Issuer announced on the Hong Kong Stock Exchange that the Group proposed to use derivative financial instruments including but not limited to currency forward exchange contracts, currency swaps, interest rate swaps and call options, on a rolling basis within a pre-approved time period in the amount up to US\$7,300 million. On the same day, the Issuer also announced that the board of directors of the Issuer resolved to entrust qualified banks, securities firms, fund managers, insurers and asset managers with no more than RMB30 billion to invest in wealth management products with a high level of security, good liquidity and a low/medium risk profile, to utilise the Group's own funds and increase the Group's capital investment income.

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

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

The selected consolidated financial statements of the Group as at and for the years ended 31 December 2022, 2023 and 2024 set forth below have been extracted from the Group's consolidated financial statements as at and for the years ended 31 December 2023 and 2024, which have been audited by Ernst & Young Hua Ming LLP, the independent auditors and incorporated by reference in this Offering Circular.

The Audited Financial Statements have been prepared and presented in Chinese in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Accordingly, potential investors must exercise caution when using such Audited Financial Statements to evaluate the Group's financial condition and results of operations. For a summary of certain differences, see "*Description of Certain Differences between PRC GAAP and IFRS*".

The selected financial information of the Group as at and for the years ended 31 December 2022, 2023 and 2024 have been derived from the English translation of the Audited Financial Statements. The English translation of such consolidated financial statements, the auditors' reports and the related notes have been included elsewhere in this Offering Circular.

None of the Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them has independently verified or checked the accuracy of the translated Audited Financial Statements and can give no assurance that the information contained in the translated Audited Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Group.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Financial Statements included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

SUMMARY OF AUDITED CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2022	2023	2024
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Current assets:			
Currency cash	56,346,367	78,543,219	43,885,348
Trading financial assets	513,784	153,285	13,768,781
Derivative financial assets	132,125	85,341	173,439
Trade receivables	17,751,390	20,821,526	21,288,393
Factored trade receivables	81,525	3,503	6,498
Receivable financing	3,712,142	4,074,078	4,243,041
Prepayments	278,724	242,440	692,097
Other receivables	1,346,935	1,146,400	2,597,585
Inventories	45,234,990	41,131,259	41,257,657
Contract assets	4,851,066	4,844,974	4,972,074
Non-current assets due within one year	—	—	3,085
Other current assets	7,624,795	7,458,528	8,899,348
Total current assets	137,873,843	158,504,553	141,787,346
Non-current assets:			
Debt investment	—	—	25,068,445
Long-term receivables	2,562,213	2,013,559	833,972
Factored long-term receivables	186,025	10,509	8,664
Investment in associates and joints	1,754,030	2,157,550	2,333,836
Other non-current financial assets	1,028,262	831,930	715,761
Investment properties	2,010,627	1,473,823	99,045
Property, plant and equipment	12,913,313	13,372,364	14,178,419
Construction in progress	964,004	987,803	685,376
Right-of-use assets	1,079,521	1,557,313	1,551,573
Intangible assets	7,341,866	7,697,446	7,159,200
Development costs	2,584,570	1,301,545	1,594,563
Goodwill	—	—	14,425
Deferred tax assets	3,718,544	4,145,923	4,396,088
Other non-current assets	6,936,756	6,904,000	6,896,517
Total non-current assets	43,079,731	42,453,765	65,535,884
TOTAL ASSETS	180,953,574	200,958,318	207,323,230
Current liabilities:			
Short-term loans	9,962,315	7,560,358	7,027,070
Bank advances on factored trade receivables	84,550	3,687	6,498
Derivative financial liabilities	201,717	184,544	200,853
Short-term bonds payable	—	5,012,890	—
Bills payable	10,629,852	9,442,739	10,959,334
Trade payables	19,074,746	18,931,425	22,371,792
Contract liabilities	17,699,861	14,889,658	12,859,416
Employee benefits payable	13,222,179	16,176,919	16,991,686
Taxes payable	1,447,082	1,413,093	1,205,018
Other payables	2,889,964	3,844,735	3,236,993
Provisions	2,549,490	2,568,768	2,184,073
Non-current liabilities due within one year	661,744	3,001,598	5,592,740
Total current liabilities	78,423,500	83,030,414	82,635,473

	As at 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)
Non-current liabilities:			
Long-term loans	35,125,988	42,576,057	44,058,915
Bank advances on factored long-term trade receivables	195,210	11,062	8,664
Bonds payable	—	—	1,004,880
Lease liabilities	788,649	960,459	972,943
Long-term employee benefits payable	144,874	141,762	153,647
Deferred income	2,322,076	2,315,842	1,496,556
Deferred tax liabilities	87,144	77,865	90,651
Other non-current liabilities	4,322,910	3,513,412	3,791,219
Total non-current liabilities	42,986,851	49,596,459	51,577,475
TOTAL LIABILITIES	121,410,351	132,626,873	134,212,948
Shareholder's equity:			
Share capital	4,736,113	4,783,252	4,783,535
Capital reserve	25,892,832	27,603,291	27,476,099
Other comprehensive income	(2,352,743)	(2,199,965)	(2,465,531)
Special reserve	26,553	53,394	88,214
Surplus reserve	3,029,811	3,053,382	3,053,523
Retained profits	27,308,621	34,714,953	39,872,643
Total equity attributable to holders of ordinary shares of the parent	58,641,187	68,008,307	72,808,483
Non-controlling interests	902,036	323,138	301,799
Total owners' equity	59,543,223	68,331,445	73,110,282
TOTAL LIABILITIES AND OWNERS' EQUITY	180,953,574	200,958,318	207,323,230

SUMMARY OF AUDITED CONSOLIDATED INCOME STATEMENT

	Years ended 31 December		
	2022 (RMB'000)	2023 (RMB'000) (restated)	2024 (RMB'000)
Operating revenue	122,954,418	124,250,878	121,298,752
Less: Operating costs	77,227,569	72,702,602	75,311,066
Taxes and surcharges	950,767	1,335,662	1,175,971
Selling and distribution costs	9,173,329	10,119,542	8,900,503
Administrative expenses	5,332,728	5,631,779	4,477,021
Research and development costs	21,602,300	25,289,211	24,031,499
Finance costs	163,207	(1,101,192)	(264,570)
Add: Other income	1,892,972	1,805,981	2,932,725
Investment income	1,087,498	(205,027)	112,394
Gains from changes in fair values	(1,141,849)	(702,284)	(625,131)
Credit impairment losses	(369,304)	(75,796)	92,454
Asset impairment losses	(1,190,030)	(858,366)	(933,182)
Gains from asset disposal	11,029	20,597	95,659
Operating profit	8,794,834	10,258,379	9,342,181
Add: Non-operating income	195,804	173,063	76,279
Less: Non-operating expenses	238,982	228,302	188,855
Total profit	8,751,656	10,203,140	9,229,605
Less: Income tax	960,046	962,291	873,992
Net profit	7,791,610	9,240,849	8,355,613
Analysed by continuity of operations			
Net profit from continuing operations	7,791,610	9,240,849	8,355,613
Analysed by ownership			
Holders of ordinary shares of the parent	8,080,295	9,325,753	8,424,792
Non-controlling interests	(288,685)	(84,904)	(69,179)
Other comprehensive income, net of tax	(67,167)	149,253	(265,303)
Other comprehensive income attributable to holders of ordinary shares of the parent company, net of tax	(65,722)	152,778	(265,566)
Other comprehensive income that cannot be reclassified to profit or loss	1,509	985	(3,358)
Other comprehensive income that will be reclassified to profit or loss	(67,231)	151,793	(262,208)
Other comprehensive income attributable to non-controlling interests, net of tax	(1,445)	(3,525)	263
Total comprehensive incomes	7,724,443	9,390,102	8,090,310
Attributable to:			
Holders of ordinary shares of the parent	8,014,573	9,478,531	8,159,226
Non-controlling interests	(290,130)	(88,429)	(68,916)
Earnings per share (RMB/share)			
Basic	RMB1.71	RMB1.96	RMB1.76
Diluted	RMB1.71	RMB1.96	RMB1.76

SUMMARY OF AUDITED CONSOLIDATED CASH FLOW STATEMENT

	Years ended 31 December		
	2022 (RMB'000)	2023 (RMB'000)	2024 (RMB'000)
Cash flows from operating activities			
Cash received from sale of goods or rendering of services	136,874,889	128,264,163	127,930,762
Refunds of taxes	7,518,815	5,355,413	5,320,200
Other cash received in relation to operating activities	6,089,720	10,666,423	6,563,537
Sub-total of cash inflows	150,483,424	144,285,999	139,814,499
Cash paid for goods and services	96,473,887	74,064,351	75,666,643
Cash paid to and on behalf of employees	26,152,518	28,697,009	28,935,061
Cash paid for various types of taxes	9,001,574	8,652,058	8,047,637
Other cash paid in relation to operating activities	11,277,745	15,466,882	15,685,314
Sub-total of cash outflows	142,905,724	126,880,300	128,334,655
Net cash flows from operating activities	7,577,700	17,405,699	11,479,844
Cash flows from investing activities			
Cash received from sale of investments	13,449,728	10,547,704	80,388,840
Cash received from return on investment	1,106,970	1,287,109	1,986,934
Net cash received from the disposal of property, plant and equipment, intangible assets and other long-term assets	24,173	104,486	535,436
Net cash received from the disposal of subsidiaries and other operating units	116,836	38,486	—
Other cash received in relation to investing activities	—	—	105,749
Sub-total of cash inflows	14,697,707	11,977,785	83,016,959
Cash paid to acquisition of property, plant and equipment, intangible assets and other long-term assets	4,951,916	4,004,683	4,014,730
Cash paid for acquisition of investments	11,010,174	28,874,455	107,674,648
Other cash paid in relation to investing activities	27,016	—	—
Sub-total of cash outflows	15,989,106	32,879,138	111,689,378
Net cash flows from investing activities	(1,291,399)	(20,901,353)	(28,672,419)
Cash flows from financing activities			
Cash received from capital injection	171,231	1,676,157	374,322
Cash received from borrowings	148,942,904	274,690,500	190,217,674
Other cash received in relation to financing activities	—	2,200	—
Sub-total of cash inflows	149,114,135	276,368,857	190,591,996
Cash repayment of borrowings	143,536,892	263,526,293	190,470,434
Cash payments for distribution of dividends, profits and for interest expenses	3,687,580	4,836,200	5,419,138
Other cash paid in relation to financing activities	434,835	634,774	520,799
Sub-total of cash outflows	147,659,307	268,997,267	196,410,371
Net cash flows from financing activities	1,454,828	7,371,590	(5,818,375)
Effect of changes in foreign exchange rate on cash and cash equivalents	260,017	65,502	24,200
Net increase in cash and cash equivalents	8,001,146	3,941,438	(22,986,750)
Add: cash and cash equivalents at beginning of year	39,070,583	47,071,729	51,013,167
Net balance of cash and cash equivalents at the end of year	47,071,729	51,013,167	28,026,417

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 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 Bonds”.

Issuer	ZTE Corporation (中興通訊股份有限公司).
Bonds	RMB3,584 million U.S. dollar settled zero coupon convertible bonds due 2030.
	The issue of the Bonds and the right of conversion into H Shares were authorised by resolutions of the board of directors of the Issuer passed on 27 July 2025.
A Shares	Ordinary domestic share(s) with a par value of RMB1.00 each issued by the Issuer which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi (Stock Code: 000063).
H Shares	Ordinary foreign share(s) with a par value of RMB1.00 each issued by the Issuer which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 00763).
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Interest	The Bonds are zero coupon and do not bear interest.
Issue Date	5 August 2025.
Maturity Date	5 August 2030.
Redemption at Maturity . . .	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at the U.S. Dollar Equivalent of its outstanding principal amount on the Maturity Date. See “ <i>Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Maturity</i> ”.

Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 3.1 (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> 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 (<i>Negative Pledge</i>) 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. See “ <i>Terms and Conditions of the Bonds — Status</i> ”.
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, 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 Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. See “ <i>Terms and Conditions of the Bonds — Negative Pledge</i> ”.

Conversion Right	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 the 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 seven working days prior to the Maturity Date (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 seven working days (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 (<i>Redemption at the Option of the Bondholders</i>) or Condition 7.5 (<i>Redemption for Relevant Events</i>) of the Terms and Conditions or during a Restricted Conversion Period (both dates inclusive); provided further that 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 “<i>Terms and Conditions of the Bonds — Conversion Right</i>”.
Conversion Price	The price at which H Shares will be issued upon conversion will initially be HK\$30.25 per H Share but will be subject to adjustments for, among other things, consolidation, subdivision or reclassification, capitalisation 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 “<i>Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price</i>”.

Redemption for Taxation**Reasons.**

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 their outstanding principal amount as at the date fixed for redemption, 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, 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 28 July 2025, 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 gives a notice of redemption pursuant to Condition 7.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 8 (*Taxation*) of the Terms and Conditions 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 (*Taxation*) of the Terms and Conditions 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 political subdivision or any authority thereof or therein having power to tax.. See "*Terms and Conditions of the 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 (which notice will be irrevocable), the Trustee and the Principal Agent, the Bonds may be redeemed by the Issuer in whole, but not in part, at the U.S. Dollar Equivalent of their outstanding principal amount as at date fixed for redemption 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 in accordance with Condition 15 (<i>Further Issues</i>) of the Terms and Conditions). See " <i>Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer</i> ".
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 5 August 2028 (the " Put Option Date ") at the U.S. Dollar Equivalent of their outstanding principal amount on the Put Option Date. See " <i>Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders</i> ".
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 or some only of such holder's Bonds on the Relevant Event Put Date at the U.S. Dollar Equivalent of their outstanding principal amount as at the Relevant Event Put Date. A " Relevant Event " means the occurrence of either (a) a Change of Control in the Issuer; (b) a Delisting or (c) an H Share Suspension in Trading. See " <i>Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Relevant Events</i> ".

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 Lead 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 existing as at the date of the Subscription Agreement.
Events of Default	The Trustee may 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 their principal amount without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5 of the Terms and Conditions if any of the events listed under Condition 9 of the Terms and Conditions has occurred. See “<i>Terms and Conditions of the Bonds — Events of Default</i>”.
Form and Denomination of Bonds	The 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.

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 the Terms and Conditions in relation to the Initial NDRC Post-Issuance Filing, the CSRC Post-Issuance Filings 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 Bonds — Further Issues</i> ”.
Clearing Systems.	The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Listing	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 it is expected that listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange will commence on 6 August 2025. The H-Shares are listed on the Hong Kong Stock Exchange. Application has been made to the Hong Kong Stock Exchange for the listing of the H-Shares issuable upon conversion of the Bonds (the “New Shares”).
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent and Conversion Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Governing Law	The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.

Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “ <i>Risk Factors</i> ”.
Selling Restrictions	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 and Japan. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “ <i>Subscription and Sale</i> ”.
Legal Entity Identifier (LEI)	3003004FBGVVG1CW5U45.
ISIN	XS3140158430.
Common Code	314015843.

Notes:

- (1) Concurrent with the offering of the Bonds, CLSA Limited may facilitate sales of existing H shares notionally underlying the Bonds by buyers of the Bonds who wish to sell such H shares in short sales to purchasers procured by CLSA Limited in order to hedge the market risk to which buyers of the Bonds are exposed with respect to the Bonds that they may acquire in the offering of the Bonds.

RISK FACTORS

An investment in the Bonds is subject to significant risks. You should carefully consider all of the information in this Offering Circular and, in particular, the risks described below before deciding to invest in the Bonds. The following describes some of the significant risks that could affect us and the value of the Bonds. Some risks may be unknown to us and other risks, currently believed to be immaterial, could become material. All of these could materially and adversely affect our business, financial condition and results of operations. The risks described below do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority. The market price of the Bonds could decline due to any of these risks and you may lose all or part of your investment. The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment advisor before making a decision to subscribe for the Bonds. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Circular.

RISKS RELATING TO OUR GROUP AND BUSINESS

We are dependent on our ability to continuously introduce new innovative products through our R&D efforts.

The information and communication technology industries are characterised by rapid technological changes, frequent introductions of new products and solutions, constant innovation and keen global competition. The industries are also susceptible to changes in product life cycles. These rapid technological developments require us to consider the regulatory standards, integrate new technology into our products, create new and relevant product categories and adapt to changing business models in a timely manner.

Our competitors may develop or acquire alternative and competing technologies and standards that could allow them to create new and disruptive products and/or produce similar, competitive products at lower costs of production, thus rendering our products less competitive or obsolete. Our ability to compete effectively will therefore depend on our ability to adapt to advancements in engineering and production technologies to meet our customers' needs, our ability to identify and leverage on new trends in the market and our ability to innovate on our R&D capabilities.

In order to keep pace with technological and regulatory changes and compete effectively, the Group needs to invest significant resources in R&D to maintain market position. The Group's R&D expenses were RMB21,602.3 million, RMB25,289.2 million and RMB24,031.5 million for the years ended 31 December 2022, 2023 and 2024 respectively, representing 17.57%, 20.35% and 19.81% of the Group's revenue for the same period, respectively. With technological advancement, particularly the growth of AI technologies and applications, the Group may incur substantial R&D expenses during the periods of technological transformation to adapt to the evolving competitive landscape and technology development, and lay a foundation for future growth. Given the inherent uncertainties of R&D activities, there can be no guarantee that the Group will continue to succeed in technological innovations and effectively commercialise them. The Group's business and results of operations may be adversely affected if it does not operate as

efficiently as its competitors or if the Group cannot adapt on a timely basis to technological changes or if the Group is unable to effectively engage in R&D to introduce new products which meet the needs of the market in a timely manner.

We operate in a highly competitive industry and may not be able to continue competing successfully.

Our business is highly competitive and we face competition from other market participants. Some competitors may enter markets we serve and sell products at lower prices in order to gain and obtain a greater market share. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements. They may also be able to devote greater resources to the development, promotion and sale of their products and services than we can. Current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties that enhance their ability to address the needs of our prospective customers. It is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. Our competitors may also produce products that are equal or superior to our products, or engage in aggressive pricing in order to gain or increase market share, which could subject our products to downward price pressures, reduce our market share, reduce our overall sales and require us to invest additional funds in new technology development or if we are not able to match such lower pricing. This may have a material adverse effect on our business, including our financial position, results of operations and cash flow.

While our continued innovation to the technologies and qualities shown in our products and services may keep us competitive, there is no assurance that we will continue to remain competitive. In the event that we are unable to retain our existing customers and/or attract new customers amidst the competition, our business, results of operations, financial position and cash flow may be materially and adversely affected.

We are subject to risks associated with international trade policies, export controls and economic sanctions, in particular, trade restrictions and sanctions imposed by the United States, and our reputation, business, results of operations and financial condition could be adversely affected.

We are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability. Our sales and operations could be materially and adversely affected by international trade regulations, including custom duties, tariffs and anti-dumping penalties and imposition of trade restrictions. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

In recent years, the United States has increased export controls restrictions on the PRC through the U.S. Export Administration Regulations (“**EAR**”), administered by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”), which includes a list of foreign persons on which certain trade restrictions are imposed (the “**Entity List**”). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met.

On March 8, 2016, the BIS decided to add ZTE Corporation (“**ZTE**” or “the **Company**”), its wholly-owned subsidiary ZTE Kangxun Telecommunications Ltd. (“**ZTE Kangxun**”, collectively with the ZTE as “the **Subject Companies**”), ZTE Parsian and Beijing 8 Star International Co. Ltd. to the Entity List (the “**Decision**”). According to this Decision, suppliers of products under EAR were required to apply for export licenses before supplying such products to the Company and the aforementioned three other companies, with a presumption of denial licensing policy in effect. On March 24, 2016, BIS amended this Decision by issuing a temporary general license, postponing enforcement of export restrictions on ZTEC until June 30, 2016. Subsequently, from June 2016 through February 2017, BIS extended this temporary general license four times.

In March 2017, the Subject Companies reached agreements (collectively, the “**2017 Agreements**”) with the BIS, the U.S. Department of Justice (“**DOJ**”), and the Office of Foreign Assets Control (“**OFAC**”) of the U.S. Department of the Treasury regarding investigations into its compliance with EAR and U.S. sanctions laws. These included a settlement agreement with BIS (the “**2017 Settlement Agreement**”).

On 15 April 2018, the BIS signed an order activating a previously suspended 7-year denial order (commencing on 15 April 2018 and ended on 13 March 2025) (the “**15 April 2018 Denial Order**”). The 15 April 2018 Denial Order restricted and prohibited the Subject Companies from participating in any way, whether directly or indirectly, in any transaction involving any commodity, software, or technology exported or to be exported from the United States that is subject to the EAR, or any other activities subject to control under EAR. The full text of the 15 April 2018 Denial Order was published in the United States Federal Register (Federal Register Vol. 83, p. 17644) on 23 April 2018.

In June 2018, the Subject Companies and BIS entered into a superseding settlement agreement (“**2018 Superseding Settlement Agreement**”) to supersede the 2017 Settlement Agreement. In accordance with the 2018 Superseding Settlement Agreement, BIS issued a new denial order for a period of ten years from 8 June 2018 (the “**New Denial Order**”), which would, among other things, restrict and prohibit the Subject Companies from applying for, obtaining, or using any license, license exception, or export control document, and participating in any way in any transaction involving any commodity, software, or technology that is subject to EAR, provided that such New Denial Order shall be suspended during the period of ten years from 8 June 2018 (commencing on 8 June 2018 and ended on 7 June 2028) (the “**Probationary Period**”) and thereafter be waived subject to the Subject Companies’ compliance with the 2018 Superseding Settlement Agreement. In addition, in accordance with the 2018 Superseding Settlement Agreement, the Subject Companies had paid civil monetary penalties totaling USD1.4 billion, including a lump sum payment of USD1 billion and an additional penalty of USD0.4 billion placed in an escrow account with a U.S. bank suspended during the Probationary Period. The USD0.4 billion penalty will be waived after the end of Probationary Period if the Subject Companies comply with the probationary conditions set forth in the 2018 Superseding Settlement Agreement during the Probationary Period.

In addition to the aforesaid requirements, the Subject Companies were required to comply with all applicable terms and conditions of the 2017 Agreements and 2018 Superseding Settlement Agreement, including but not limited to:

- (i) The Subject Companies shall retain at its expense an independent special compliance coordinator (“SCC”) within 30 days of 8 June 2018 to coordinate, monitor, assess, and report on compliance by ZTE and its subsidiaries or affiliates worldwide with the U.S. Export Administration Act of 1979, EAR, the 2018 Superseding Settlement Agreement etc. during the Probationary Period. The SCC will report to the chief executive officer and the Board of Directors of the Subject Companies and to BIS, equally. ZTE and its subsidiaries and affiliates shall cooperate with all requests of the SCC. The Subject Companies shall timely pay the SCC and its assistants and professional staff, and shall not hire, employ, or retain the SCC or any of his or her assistants or professional staff for a period of five (5) years from the date of termination of the Probationary Period.
- (ii) The Subject Companies shall complete and submit nine audit reports of its compliance with U.S. export control laws. At the conclusion of the term of the independent compliance monitor created according to the agreement signed between the Company and the United States Department of Justice and any related court orders, the SCC is responsible for conducting the six remaining audit reports. These audit reports shall include a certification to BIS, certifying that ZTE and its subsidiaries and affiliates are in compliance with the terms of the 2018 Superseding Settlement Agreement. In addition, where said audit identifies actual or potential violations of EAR, the Subject Companies shall promptly provide copies of all related export control documents and other pertinent documentation to the BIS.
- (iii) The Subject Companies shall ensure that all records required to be kept or retained under the EAR are stored in or fully accessible from the United States.
- (iv) The Subject Companies shall provide extensive training on applicable export control requirements to its leadership, management and employees, and the leadership, management and employees of its subsidiaries, affiliates, and other entities worldwide over which it has ownership or control, including informing its leadership, management, employees, contractors, suppliers, and others who deal in items subject to the EAR that transfers of such items to sanctioned destinations are generally prohibited unless legally authorised.
- (v) The Subject Companies shall provide and fully implement within six months of the date of 8 June 2018, a comprehensive and updated export control compliance program that transcends through all corporate levels of ZTE, its subsidiaries, affiliates, and other entities worldwide over which it has ownership or control, including an annual statement of corporate policy of export control compliance from the chief executive officers of the Subject Companies to ensure compliance with the EAR.
- (vi) The Subject Companies shall replace the entire boards of directors of both the Company and ZTE Kangxun (the “**Subject Boards of Directors**”) within 30 days of 8 June 2018. Within 30 days of replacing the Subject Boards of Directors, the Subject Companies shall create special audit/compliance committees under the Subject Boards of Directors composed of three or more independent members of the new Subject Boards of Directors. Within 30 days of 8 June 2018, the Subject Companies shall terminate all current members of the senior leadership of both the Company and ZTE

Kangxun at or above the senior vice president level as well any executive or officer who participated in, oversaw, or was otherwise responsible for the conduct described in the proposed charging letter issued by BIS in March 2017 or the 15 April 2018 Denial Order, and prohibit the re-hire of those employees by ZTE and any of its subsidiaries or affiliates.

- (vii) The Subject Companies shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter, the 2017 Settlement Agreement, or 2018 Superseding Settlement Agreement, or other related document. In addition, during the ten-year probationary period, the Subject Companies shall continue to cooperate fully with BIS, the Department of Justice, and OFAC, including with regard to the production of documents and making witnesses available, in any and all matters concerning any act within the scope of or related to the conduct described in the Proposed Charging Letter, the 15 April 2018 Denial Order, or related to other potential violations of U.S. export control laws occurring during the ten-year probationary period, subject to applicable law and regulations.
- (viii) The Subject Companies agree that its applicable obligations under the 2017 Agreements and 2018 Superseding Settlement Agreement shall be binding upon any acquirer or successor in interest to the Subject Companies or substantially all of their assets and liabilities or business.

To fulfill the obligations under the 2017 Agreements and 2018 Superseding Settlement Agreement, the Issuer is required to provide and implement a comprehensive and updated export control compliance programme that covers all levels of the Group. Measures adopted by us as part of the said export control compliance programme include:

- established the Export Compliance Committee of the Board, which includes the Issuer's executive directors, non-executive directors and independent non-executive directors;
- built a team led by Chief Export Compliance Officer and composed of export control compliance team members with global coverage and engaged a number of counsels and consultants;
- established and enhanced the Issuer's export control compliance management structure, system and procedure;
- introduced and implemented the SAP Global Trade Services (GTS) System, self-developed the Enterprise Compliance Service System (ECSS) and achieved integration with key business systems, to automate key aspects of export compliance management; carried out Export Control Classification Number ("ECCN") Publication Project, which makes available to its customers and business partners the applicable ECCN information and other export control information for products subject to the EAR via a public website;
- continued to provide online and offline export compliance training for senior management, subsidiaries, compliance liaisons, account managers and new employees; and

- cooperated with the special compliance coordinator to conduct various monitoring and compliance audits; and made continuous investment on the work on export control compliance.

The Issuer attaches significant importance to the work on export control compliance, regarding compliance as a foundation for the Group's strategy and condition and bottom-line for the Group's operations. The Issuer is committed to effectively implementing the current export control compliance programme and fulfilling its obligations under the 2017 Agreements and 2018 Superseding Settlement Agreement. However, possibly due to potential performance disputes or other reasons, the Issuer may be deemed in violation of obligations under the 2017 Agreements and 2018 Superseding Settlement Agreement, (i) the suspended New Denial Order might be activated, which would, among other things, restrict and prohibit the Group from applying for, obtaining, or using any license, license exception, or export control document, and participating in any transaction involving any commodity, software, or technology that is subject to the EAR; and (ii) the USD0.4 billion placed in an escrow account with a U.S. bank shall become payable immediately and shall be paid in full or in part, which in turn could adversely affect the Group's business, results of operation and financial condition.

Furthermore, similar or more expansive trade and export control restrictions or regulations that may be imposed by the U.S. or other jurisdictions on any member of the Group in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If we or certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

In addition, on 9 August 2023, the U.S. government issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern granting the U.S. government the authority to establish and enforce an outbound investment regulatory regime on U.S. persons. On 28 October 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”) to implement the Executive Order of 9 August 2023. The Final Rule became effective on 2 January 2025. The Final Rule applies to investments by U.S. persons into “covered foreign persons”, which are “persons of a country of concern” engaged in certain “covered activities” in three identified sectors pertaining to national security technologies and products: (i) semiconductors and microelectronics, (ii) quantum information technologies and (iii) artificial intelligence. While we expect we would be a “covered foreign person” under the Final Rule, we do not expect investments by U.S. persons in us (including the purchase of the Bonds, a “contingent equity interest”, and the subsequent conversion of the contingent equity interest) to constitute “prohibited transactions” under the Final Rule. While such an investment may constitute a “notifiable transaction”, there are various exceptions that may apply under the Final Rule. It is important to note that there is no assurance that the U.S. Department of the Treasury will take the same view on any of these issues. In addition, the Final Rule may increase the compliance burden of U.S. investors and may cause certain U.S. investors to

adopt a more cautious approach in their investments in our securities, whether publicly traded or not, affecting investor sentiment towards us, and therefore negatively impacting our ability to raise capital in the future.

Our net cash flows from operating activities is subject to fluctuation and may adversely affect our liquidity and financial condition.

We recorded net cash flows from operating activities of RMB7,577.7 million, RMB17,405.7 million and RMB11,479.8 million for the years ended 31 December 2022, 2023 and 2024, respectively. Along with the expansion of the Group's business, the amount of cash paid for purchase of goods and labour services may increase and lead to fluctuations in our results of operations. We cannot assure you that we will not continue to experience significant fluctuations in cash flows from operating activities. Our liquidity and financial condition may be materially and adversely affected by the negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

We are exposed to concentration risk of reliance on major customers and customers in the carriers' network segment, and the loss of, or a significant reduction in, sales to any of these customers could adversely affect our business, financial condition and results of operations.

We generate a substantial portion of our revenue from a limited number of major customers and customers in the carriers' network segment. For the years ended 31 December 2022, 2023 and 2024, revenue from our five largest customers amounted to RMB75,163.7 million, RMB77,598.2 million and RMB67,577.7 million, accounting for 61.1%, 62.5% and 55.7% of our total sales in the respective year, and sales to our largest customer amounted to RMB37,132.4 million, RMB34,725.3 million and RMB33,294.5 million, accounting for 30.2%, 28.0% and 27.5% of our total sales in the respective year. For the years ended 31 December 2022, 2023 and 2024, revenue generated from customers in the carriers' network segment amounted to RMB80,040.6 million, RMB82,758.9 million and 70,326.7 million, accounting for 65.1%, 66.6% and 58.0% of our operating revenue in the respective year.

Despite our long-term business relationships with our major customers, we cannot assure you that we will be able to maintain our long-term collaborations with our business partners. The formation of our business and future expansion plans is based on our estimation of market and customer demands. However, the actual demands may fall short of our estimation due to changes in our customers' business models, strategies or financial condition, or changes in the domestic and international market conditions and economic development, among others. For example, a reduction in capital expenditures by carriers in the PRC domestic market or structural changes in the carriers market in the PRC may reduce the demands for our products from these customers, which in turn could adversely affect our results of operation. In addition, any adverse changes in our relationships or in the key commercial arrangements with our major customers, such as purchase price, could adversely affect our business, financial condition and results of operations.

If any of our five largest customers or major customers significantly reduces its purchase volume or ceases to place orders with us, or if we misinterpret the market demands, we may not be able to identify new customers in a timely manner and conduct our sales on

comparable terms, or seek alternative ways to make up for the decrease in sales which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Customers' credit risks may adversely affect our business operations.

We provide one-stop communications solutions to our customers. With the rapid expansion of our business, we are serving a large customer base with differing credit status, and our business will inevitably be affected by the varied credit profiles of these customers. We seek to mitigate the aforesaid impact mainly by identifying and managing credit risks through the adoption of internal credit management measures, such as customer credit search, customer credit rating and award, customer credit limit management, overall risk control and credit control against customers with faulty payment records, and by transferring credit risks through the purchase of credit insurance and appropriate financial instruments. However, there is no guarantee that our customers will settle payment in full as it falls due or that our efforts to manage these risks will be successful. In the event our customers are unable to settle trade amounts due to us on a timely basis, this will have an adverse impact on our results of operations, cash flows and financial position.

Failure to collect our trade receivables and other receivables in a timely manner may adversely affect our liquidity.

We may not be able to collect our trade receivables in a timely manner, and we may face difficulty collecting receivables for reasons beyond our control, such as customers delaying payment past the relevant credit periods granted or being unable to pay us when payments are due. We had total trade receivables with gross carrying amount of RMB17,751.4 million, RMB20,821.5 million and RMB21,288.4 million for the years ended 31 December 2022, 2023 and 2024 respectively, representing 9.81%, 10.36% and 10.27% of our Group's total assets for the same period respectively. In addition, we had other receivables of RMB1,346.9 million, RMB1,146.4 million and 2,597.6 million for the years ended 31 December 2022, 2023 and 2024 respectively. Any significant delay or default in our collection of trade receivables and other receivables may impose pressure on our cash flow and working capital and reduce the pool of available financial resources relative to our expectations and expenditure plans, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks in relation to the inventories the Group maintains.

Our inventories include raw materials, materials sub-contracted for processing, work-in-progress, finished goods, dispatched goods, contract fulfillment cost and data resources. We manage our inventory levels based on our forecasts of customer demand for our services in terms of ongoing projects and potential new projects. Our inventories amounted to RMB45,235.0 million RMB41,131.3 million and RMB41,257.7 million as at 31 December 2022, 2023 and 2024, respectively, representing 25.0%, 20.5% and 19.9% of our total assets respectively.

Customer demand, however, can be affected by numerous uncertainties. Furthermore, the rapid technological development in the telecommunications industry resulted in provision for outdated, obsolete and sluggish inventories. For the years ended 31 December 2022, 2023 and 2024, our provisions for impairment of inventories were RMB4,660.4 million, RMB5,038.2 million and RMB5,310.0 million, respectively.

If we fail to manage our inventories 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.

We may face challenges in expanding our business and operations internationally and our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

We generate a substantial portion of our operating revenue from the international market. Our operating revenue generated from markets outside of the PRC were RMB37,708.1 million, RMB37,765.5 million and RMB39,293.1 million for the years ended 31 December 2022, 2023 and 2024 respectively, representing 30.7%, 30.4% and 32.4% of our Group's revenue for the same period, respectively. We face challenges and risks associated with expanding our business and operations globally into new geographic markets. New geographic markets may have competitive conditions, user preferences and technological requirements that are more difficult to predict or satisfy than our existing markets. In certain markets, we have relatively little operating experience and may not benefit from any first-to-market advantages or otherwise succeed.

We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, the local users, as well as their more established local brand names, requiring us to build brand awareness in that market. International expansion may also require significant capital investment, which could strain our resources and adversely impact current performance, while adding complexity to our current operations. We are subject to PRC law in addition to the laws of the other regions and countries in which we operate. If any of our overseas operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business and operating results.

Furthermore, the Group may be adversely affected by political, geopolitical, economic or social developments in any of the countries or regions in which the Group conducts business. For instance, despite the insignificance of the Group's business operation in Russia, which is conducted in compliance with the relevant sanction and export control regulations that the Group is subject to, the military incursion by Russia into Ukraine as well as the series of severe economic sanctions imposed by various governments in response, may adversely impact macroeconomic conditions, give rise to regional instability and result in heightened economic sanctions from the international community in a manner and to an extent that cause elevated levels of political unrest and market volatility. Hence, while the military incursion has not caused any material adverse impact on the Group's results of operations and cash flows, the business, financial condition and results of operations of the Group may still be affected in ways unforeseen by the Group. Similarly, the political, geopolitical, economic or social developments in other countries in which the Group conducts business may lead to implementation of protectionist policies that result in unfavourable business environment for the Group's operation and may even restrict the Group's ability to continue to operate and expand its business in such jurisdictions, thereby adversely affecting the business, financial condition and results of operations of the Group.

Our business may also be subject to a variety of other risks and uncertainties related to trading in numerous other foreign countries, including the imposition of any local protectionist policies, import, export, investment or currency restrictions, including tariffs and import or export quotas or any other relevant restrictions. The materialisation of such risks or uncertainties could have a material adverse effect on our business, results of operations and financial position.

In addition, as the industry that we operate in has a high barrier of entry, our reputation, business and results of operations could be materially adversely affected if we encounter issues including, but not limited to, the following:

- lack of acceptance of our products and services, and challenges in localising our offerings/services to appeal to local demands;
- difficulties conforming our products to regulatory and safety requirements and other telecommunication systems and/or infrastructures;
- failure to attract and retain capable talents with international perspectives who can effectively manage and operate local businesses;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them;
- challenges related to the availability, reliability and security of international payment systems and logistics infrastructure;
- challenges in maintaining efficient and consolidated internal systems, including technology infrastructure, and in achieving customisation and integration of these systems with the other parts of our technology platform;
- challenges in replicating or adapting our policies and procedures to operating environments different from that of our present policies and procedures;
- national security policies that restrict our ability to utilise technologies that are deemed by local governmental regulators to pose a threat to their national security;
- political, social or economic instability in the jurisdictions that we operate;
- the need for increased resources to manage regulatory compliance across our international businesses;
- compliance with privacy laws and data security laws and compliance costs across different legal systems;
- heightened restrictions and barriers on the transfer of data between different jurisdictions;
- differing, complex and potentially adverse customs, import/export laws, tax rules and regulations or other trade barriers or restrictions related to compliance obligations and consequences of non-compliance, and any new developments in these areas;
- business licensing or certification requirements of the local markets;

- exchange rate fluctuations;
- any regulations or sanctions imposed on our customers; and
- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism.

Failure to manage these risks and challenges could negatively affect our ability to expand our business and operations overseas as well as materially and adversely affect our business, financial condition and results of operations.

We may incur increased costs associated with compliance with laws of the differing jurisdictions in which the Group operates in, including any variation thereof.

Laws and regulations in other countries vary and change over time. These laws may also be complex or loosely defined, and at times conflicting in nature, intent, or interpretation, in certain countries in which we operate. Many are untested in courts and can have different interpretation and guidance, even from the same regulators, and enforcement of such laws may be inconsistent. An adverse development related to any of the abovementioned factors and other risks associated with international trade may have a material and adverse effect on our business, financial position, results of operations and prospects if the Group is unable to adapt its business strategies or operations accordingly.

Should the Group be subject to any new or additional tariffs for our products, or if our customers are unwilling to continue to bear such tariffs or additional tariffs, such tariffs may reduce our price competitiveness and negatively impact our sales, financial performance, cash flows and prospects. Any changes in trade policy by any of the world's major trading powers could trigger retaliatory actions by affected countries, resulting in "trade wars" where states increasingly raise or create tariffs.

The Group maintains business and contractual relationships with customers and suppliers across different jurisdictions. Our contracts with such customers and suppliers may therefore be subject to the laws of the countries where such customers and suppliers are situated within. There is no assurance that the relevant laws, regulations and guidelines in such jurisdictions will not change. In the event that there are any such changes in the relevant laws, regulations and guidelines applicable to our business, such changes in the relevant laws and regulations may impose additional obligations on top of our existing contractual obligations, or modify or change the nature of our contractual obligations with such customers and suppliers. We may also incur additional costs for compliance with and obtaining advice on the interpretation of such changes in the relevant laws, regulations and guidelines, and on the possible effects on our contractual relationships with such customers and suppliers in the affected jurisdictions. If we fail to comply with such amended and/or new laws and regulations, our business, results of operations and financial position may be adversely affected.

We are subject to complex and evolving laws, regulations and governmental policies regarding data security, privacy and personal information.

In recent years, data security and privacy protection has become an increasing regulatory focus of government authorities across the world. The PRC government has enacted a series of laws and regulations on privacy protection and data security in the past few years. When

conducting our business, we may have access to certain data of our users and therefore are subject to the privacy and data protection laws and regulations, including without limitation, the PRC Civil Code Law (《中華人民共和國民法典》), and the PRC Cybersecurity Law (《中華人民共和國網絡安全法》). Moreover, different regulatory bodies in PRC have enforced data security and privacy protections laws and regulations with various standards and applications. The various standards in enforcement of data privacy and protection laws may increase our operating cost, as we need to spend time and resources to comply with various such standards. Furthermore, the PRC regulatory and enforcement regime with regard to cybersecurity and data protection is still evolving. PRC regulators have been increasingly focused on regulation in the areas of cybersecurity and data protection. The following are examples of recent PRC regulatory activities in this area.

On 20 August 2021, the State Council promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), effective from 1 November 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to rectify, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On 10 June 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law (《中華人民共和國數據安全法》). The PRC Data Security Law, among others, provides for a security review procedure for the data activities that may affect national security. On 28 December 2021, the Cyberspace Administration of China, together with other relevant administrative departments, jointly promulgated the revised Cybersecurity Review Measures (《網絡安全審查辦法》) with effect from 15 February 2022, according to which critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures grant the governmental authorities the discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security. The exact scope of “critical information infrastructure operators” under the current regulatory regime remains unclear and the identification of critical information infrastructure operators is subject to specific identification rules stipulated by relevant industry regulators and the notice from the relevant regulators pursuant to the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》). As of the date hereof, no detailed rules or guidance with respect to the implementation of such regulations has been issued by any government authorities, and the Issuer and its PRC Subsidiaries have not received any notification determining the Issuer or its PRC Subsidiaries as “critical infrastructure information operator” from the relevant supervisory authorities. However, the exact scope of “critical information infrastructure operators” under the current regulatory regime remains unclear, and the PRC government authorities may have the discretion in the interpretation and enforcement of these laws, and there can be no assurance that the relevant PRC government authorities would not determine us as “critical infrastructure

information operator” in the future. In addition, it is possible that we may become subject to additional or new laws and regulations in this regard, particularly to cybersecurity and protection laws in other jurisdictions, which may result in additional expenses to us and subject us to potential liability.

Furthermore, on 30 September 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the “**Data Security Regulations**”), which provides that network data processors conduct network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. The Data Security Regulations provide no further explanation or interpretation as to how to determine what constitutes “affecting national security.” As such, there remain uncertainties of interpretation, application and enforcement of the evolving relevant laws and regulations, and future regulatory changes may impose additional restrictions.

The laws and regulations regarding data security and privacy protection in the PRC, as well as other countries, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the integrity of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyber-attacks. If we are unable to comply with the then applicable laws and regulations, or to address any data security and privacy protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.

Our financial condition and results of operations may be affected by material fluctuations of interest rates.

The interest rate risk of the Group is mainly associated with interest-bearing liabilities. As at 31 December 2024, the Group’s total interest-bearing liabilities amounted to RMB58,071.7 million, representing 28.0 per cent. of the Group’s total assets. The Group seeks to lower its interest rate risk mainly through control over the total amount and structured management of its interest-bearing liabilities. The total amount of interest-bearing liabilities is matched with the funding requirements of the Group’s operational development. Control over the total amount of interest-bearing liabilities is mainly achieved by improving the cash turnover efficiency and increasing the free cash flow of the Group. Structured management of interest-bearing liabilities is achieved mainly by way of comprehensive control of interest rate risks through a mixed portfolio of long-term/short-term domestic and overseas loans denominated in RMB or foreign currencies with fixed or floating interests, complemented by derivative instruments such as interest rate swaps, sought from a diverse range of low-cost financing channels in the global market taking into account the trends of market changes. Fluctuations in the interest rates of our interest-bearing liabilities in RMB or foreign currencies will result in changes in the total amount of interest payable by the Group and could therefore adversely affect our business, financial condition and results of operations.

Foreign currency exchange rate fluctuations may have a material adverse effect on our results of operations.

The Group's consolidated financial statements are expressed in RMB. The exchange rate risk of the Group arises mainly from foreign exchange exposures associated with the sales, purchases and financing settled in currencies other than RMB and the volatility of exchange rates, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We adopt ongoing measures to strengthen foreign exchange risk management covering the entire business process and seeks to minimize exposures through various. Based on the risk exposure of monetary assets and liabilities and estimates of future foreign currency income and expenditure, we adopt forward exchange contracts to offset exchange rate risks. We also conduct hedging transactions in respect of exchange rate risk exposure according to annual caps for foreign exchange derivative trades approved and authorised by the Board and the General Meeting. The derivative trades of our Group are centrally managed by the Group's derivative investment committee which will adjust the foreign exchange hedging strategy according to market movements. In addition, a derivative investment work group has been established under the said committee to be in charge of specific transactions. We have also strengthened liquidity risk management in countries with foreign exchange difficulties and endeavoured to facilitate RMB pricing and settlement for overseas projects to lower its exchange risks in the long term. We cannot assure that our efforts in managing exchange rate risks will be effective and which in turn could adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights, which could adversely affect our business operations.

In the course of our business, we rely on certain intellectual property rights such as patents and trademarks. Our success depends, in part, on our ability to obtain, maintain and defend our intellectual property rights. We have always attached great importance to product technology research and development as well as the protection and management of intellectual property rights. Trademarks of the Group's products and services, "ZTE" or "ZTE中興", are all protected by trademark registration, and intellectual property right protection in various forms, including but not limited to application for patent right or copyright, has been adopted wherever possible in respect of such products and services. While we have adopted highly stringent measures to protect our intellectual property rights, potential disputes over intellectual property rights between the Group and other telecommunications equipment manufacturers, franchisee companies and carriers under partnerships with the Group cannot be entirely avoided. Furthermore, there can be no assurance that pending patent applications will result in issued patents, that future patent applications will be issued, that patents issued to or licensed by us will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our technologies or to provide us with a competitive advantage. The coverage of patents is subject to interpretation by the courts, and such interpretation is not always uniform or predictable.

In the event that the measures taken by the Group and the protection afforded by law do not adequately safeguard the Group's proprietary technology or property, we could suffer significant losses due to the sales of competing products or services that appoints the Group's intellectual property, which in turn could adversely affect the Group's business, financial condition and results of operations.

We face risk associated with our investments, including the exposure of fair value changes for our financial assets at fair value through profit or loss and valuation uncertainty.

Subject to fulfilment of our day-to-day working capital requirements, we have utilised our internal funds to invest in wealth management products and may, from time to time, invest in such products in the future. As of 31 December 2024, the balance of the outstanding financial products purchased by the Group amounted to RMB13,687.0 million, representing 6.6% of our total assets. We are exposed to credit risk in relation to such investments, which may adversely affect the net changes in their fair value. Our investments may earn yields substantially lower than anticipated, and the fair values of our investments may fluctuate significantly, which contribute to the uncertainties in valuation. The financial products at fair value through profit or loss are stated at fair value, and net changes in their fair value are recorded under net other gains/(losses), and therefore directly affect our results of operations. If we record fair value losses, our financial condition, results of operations and prospects may be adversely affected.

We use significant unobservable inputs, such as the expected yield of the underlying investment portfolio and discount rate, in valuing such financial assets. Accordingly, such determinations require us to make significant estimates, which may be subject to material changes. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustments, which in turn may materially and adversely affect our results of operations.

The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which are different from IFRS in certain respects.

The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. See “*Summary of Certain Differences between PRC GAAP and IFRS*” for further information. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles as well as how those differences might affect the financial information contained herein.

Potential investors should not place reliance on financial information which is not audited or reviewed.

The Group may publish annual, semi-annual and/or quarterly consolidated financial information to satisfy its continuing disclosure obligations relating to its securities listed on the stock exchanges in other jurisdictions according to the applicable regulations and rules of such stock exchanges. Some of these financial information may not be audited or reviewed by the Group's independent auditors and should not be relied upon by investors to

provide the same quality of information associated with information that has been subject to an audit or a review. Such unaudited or unreviewed consolidated interim financial information is not necessarily indicative of the results that may be expected for the full financial year or any period thereafter. Consequently, potential investors should not take such financial information as indicative of the expected financial condition or results of operations of the Issuer or the Group for the relevant full financial year. Potential investors should exercise caution when using such data to evaluate the Issuer's or the Group's financial condition and results of operations.

We may seek to obtain future financing through the issuance of debt or equity, which may have an adverse effect on our shareholders or may otherwise adversely affect our business.

If we raise funds through the issuance of additional equity or debt, including convertible debt or debt secured by some or all our assets, holders of any debt securities or preferred shares issued will have rights, preferences and privileges senior to those of holders of our Shares in the event of liquidation. If additional debt is issued, there is a possibility that once all senior claims are settled, there may be no assets remaining to pay out to the holders of Shares. In addition, if we raise funds through the issuance of additional equity, whether through private placements or public offerings, such an issuance would dilute the interests of our current shareholders that do not participate in the issuance. If we are unable to obtain any needed additional funding, we may be required to reduce the scope of, delay, or eliminate some or all of, our planned research, development, manufacturing and marketing activities, any of which could materially and adversely affect our business.

Furthermore, the terms of any debt securities we may issue in the future may impose restrictions on our operations, which may include limiting our ability to incur additional indebtedness, pay dividends on or repurchase our share capital, or make certain acquisitions or investments, or otherwise restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. In addition, we may be subject to covenants requiring us to satisfy certain financial tests and ratios, and our ability to satisfy such covenants may be affected by events outside of our control. There is no assurance that we will be able to obtain additional financing on terms that are favourable and acceptable. If we are not able to secure adequate financing, our business and growth may be negatively affected.

We may be affected by the cost and impact of future disputes and/or litigation.

We are, from time to time, susceptible to claims and various legal and administrative proceedings in the ordinary course of our business. Litigation arising from any failure, injury or damage from the Group's operations may result in the relevant member of the Group being named as defendant in lawsuits asserting large claims against such member of the Group or subject such member of the Group to significant regulatory penalties. The Group may also be subject to inquiries, investigations and proceedings by regulatory and other governmental agencies in the ordinary course of its business. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for a substantial period of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other sanctions adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions, the costs associated with the Group's defence may be significant. When the market experiences a downturn, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgment, arbitration

award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, reputation, results of operations and prospects.

There may be an adverse impact on our business as a result of a loss of business reputation or negative publicity.

We operate in an environment where integrity and the trust of clients are of utmost importance. Therefore, it is vulnerable to negative market perceptions. Negative publicity associated with us, our officers or employees, in particular adverse media coverage relating to allegations of fraudulent or illegal activities associated with our officers or employees, or the occurrence of any of the risks set out in this section could result in loss of clients. Since our business operations depend to a large extent on our officers and employees, the actions, misconduct, omissions, failures or breaches of any of such officers or employees, and/or service providers may, by association, create negative publicity on the Group. Accordingly, any mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities or any allegation of such activities, could have a material adverse effect on the Group's business, growth prospects, net inflows of asset under management, fee income, financial condition and results of operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, representatives, agents, customers, suppliers or other business partners may materially and adversely affect our business.

We are exposed to risks of fraudulent or illegal activities or other misconduct by our employees, representatives, agent, customers, suppliers or other business partners in the course of our business operations. Such misconduct could include fraud, corruption, bribery, collusion or other violations of applicable laws, including anti-corruption and anti-bribery laws, which could expose us to liabilities, fines and penalties imposed by government authorities, as well as significant reputational damage. We cannot assure you that our measures in place to monitor and prevent such misconduct would be effective at all times in identifying or mitigating all potential risks. Instances of misconduct may still occur, and any undetected or unresolved incidents could lead to adverse consequences, such as financial losses, legal liabilities or disruptions to our operations.

Furthermore, any publicised instances, including adverse media coverage, and allegations of fraudulent or illegal activities associated with our employees, representatives, agents or business partners could harm our reputation, reducing customer and partner trust in our business. If such misconduct involves our employees, we could also face liabilities to third parties and penalties imposed by authorities. Accordingly, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners could materially and adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems in relation to our operations. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

Our operations rely on complex information technology systems and networks, and our business and reputation may be impacted by information technology system failures, network disruptions or cybersecurity breaches.

We rely extensively on information technology systems to manage and operate our business, some of which are supported by third party vendors including cloud-based systems and managed service providers. If these systems fail to function properly, experience security breaches or disruptions or do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material adverse impact on our results of operations and financial condition.

We may be subject to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products. These events could materially and adversely affect our reputation, financial condition and operating results.

Our information technology systems may be subject to computer viruses or other malicious codes, unauthorised access attempts, phishing and other cyberattacks. We continue to assess potential threats and make investments seeking to address and prevent these threats, including monitoring and upgrading our networks and systems and conducting employee trainings. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. To date, we have not been materially affected by cyberattacks; however, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our databases or systems. If the information technology systems, networks or service providers we rely upon fail to function properly or if we suffer a loss, significant unavailability of or disclosure of our business or stakeholder information and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, including administrative fines. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.

We have maintained insurance coverage which includes mandatory social insurance and director liability insurance. While our directors are of the view that the amount of our insurance coverage is in line with the industry practice and is adequate for our operations, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. In addition, our insurers will review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations, financial condition and prospects.

Our business may be impacted by political events, war, terrorism, public health issues, natural disasters and other business interruptions.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our customers and suppliers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive materials from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

Our business may be adversely affected by the uncertain global economic outlook.

Our Group's business, financial condition, results of operations, profitability and prospects may be affected by general global economic conditions. The outlook for the global economy and financial markets remains uncertain. In particular:

- A number of major economies in the world, including Europe, the United States, Japan, and the PRC, are experiencing uncertainty in economy outlook, due to lower global economic growth prospects, higher government fiscal deficits and public debt, and continued inflationary pressure. Furthermore, the rise in commodity prices has played a pivotal role in amplifying the inflationary pressure. High commodity prices and other trade barriers, driven by various factors including trade tariff disputes, supply chain disruptions and efforts to localise supply chains, increased demand, and geopolitical uncertainties, have resulted in higher costs for goods and raw materials, which, in turn, have escalated the cost of living and production.
- Escalating tension between the United States and the PRC in recent years over trade policies including tariffs and barriers on imports and exports and government incentives to onshore and/or nearshore production and supply chains to favoured jurisdictions, could significantly undermine the stability of the global economies. Both countries have implemented tariffs and other barriers on certain industries and products from the other, casting uncertainty over tariffs and barrier to entry for

products on both sides. There are uncertainties as to when and whether the trade disputes will be resolved, and the trade barriers lifted. The trade dispute between the United States and China has resulted in disruption to global trade flows, global production and supply chains; and it also increased volatility in the financial markets around the world. In addition, the European Union (“EU”)-China relations have become increasingly complex with bilateral relations marked by challenges related to market access and investment as well as key foreign and security policy issues.

- The prolonged military conflict between Russia and Ukraine has further resulted in an escalated regional instability and amplified the tensions between international relationships, as well as adversely affected global economic conditions and the sanctions imposed by various countries on Russia continue to pose adverse effects on global economy. The sanctions imposed by various countries on Russia has also resulted in increased commodity and food costs which affects the global economy adversely. Moreover, the ongoing conflict in Israel, Iran and Gaza has increased the risk of destabilisation of the Middle East region, which has led to further military conflicts between the United States, Israel and Iran, and the situation remains highly volatile and uncertain.
- Persistent high interest rates pose substantial risks to the global economy and financial markets, potentially leading to a slowdown in economic growth as borrowing costs rise for both consumers and businesses. These elevated rates can also trigger increased volatility in financial markets, with noticeable price fluctuations in stocks, bonds, and other financial instruments. If these high rates are sustained, the consequent reduction in investment and consumer spending could heighten the risk of a global recession, adversely affecting overall economic stability. Although certain global central banks have recently decided to lower their local interest rates based on their latest outlook on inflation and other key economic indicators, there is no guarantee that further increases will not occur.

Accordingly, these situations could potentially present risks to our Group. Given the uncertainties as to the future economic outlook, we cannot give any assurance that we will be able to maintain or continue to grow our revenue and profits, or that we will be able to react promptly to any change in economic conditions. In the event that we fail to react promptly to the changing economic conditions, our performance and profitability could be adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Economic and social conditions in the PRC and government policies could affect the Group’s business and prospects.

A substantial majority of the Group’s businesses, assets and operations are located in the PRC. Accordingly, the Group’s business prospects, financial condition, and results of operations are, to a significant degree, subject to the economic and legal developments in the PRC. For the past few decades, the PRC government has implemented various economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating certain industries and the economy through numerous policy measures. The Group cannot predict whether changes in the nation’s economic or social conditions or in any laws, regulations and policies will adversely affect its business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

Bondholders shall pay attention to the characteristics of the PRC legal system.

The Group is subject to laws and regulations of the PRC. The PRC legal system is based on written statutes. However, since some of the current laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the enforcement of these laws, regulations and rules may also be evolving. These characteristics relating to the PRC laws and regulations may impede the Group's ability to enforce contracts that the Group has entered into with its investors, creditors, customers, suppliers and business partners. The Group cannot predict the effect of future developments in the PRC legal system or the integration of such developments under the legal systems of other jurisdictions. This shall be taken into consideration when seeking legal protections available to or against the Group.

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 Implementation Regulations of the Employment Contract Law, 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 Implementation Regulations of the Employment Contract Law 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 Employment Contract Law and the Implementation Regulations of the Employment Contract Law, 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.

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 31 August 2018, and its implementation rules, 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.

There is no assurance that one is able to effect service of process upon, or to enforce against, the Issuer or its directors or members of its senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

A substantial portion of the Group’s assets and the Group’s members are located in the PRC. In addition, substantially all of the assets of the Issuer’s directors and the members of its senior management may be located within the PRC. Therefore, there can be no assurance for investors to effect service of process upon the Issuer or its directors or members of its senior management inside the PRC in connection with judgements obtained in non-PRC courts. On 14 July 2006, Hong Kong and the PRC 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 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 “**Choice of Court Arrangement**”), which took effect on 1 August 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a “choice of court” agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a “choice of court” agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A “choice of court” agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for resolving the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a “choice of court” agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer or its directors or members of its senior management in the PRC and/or seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters between 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**”), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgements in a wider range of civil and commercial matters between the

courts of Hong Kong and the PRC. The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In Mainland China, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the “**Judicial Interpretation**”). The 2019 Arrangement applies to judgments made on or after 29 January 2024. Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the Mainland China for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the Mainland China consider that the enforcement of such judgment is contrary to the basic principles of the PRC law or the social and public interests of the Mainland China. As a result, there can be no assurance that a Hong Kong court judgment will be recognised and enforced by the relevant PRC court.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, there can be no assurance that the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision.

The Group is subject to regulations on the remittance of Renminbi into and out of the PRC, and may be affected by the risks relating to fluctuations in exchange rates in the future.

The PRC government imposes regulations on the convertibility of Renminbi into foreign currencies and the remittance of currency out of PRC. A substantial portion of the Group's operating income is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, if any.

Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are complied with. Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, take measures to regulate foreign currencies exchanges for current account and capital account transactions under certain circumstances. If the foreign exchange regulations prevent the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of remittance of Renminbi into or out of the PRC.

As a result, any appreciation of Renminbi against any foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service liabilities denominated in foreign currencies.

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 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, reorganisation 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 will be 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. The Lead Managers are not 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 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:

- the market price of the Shares;
- 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 of the Terms and Conditions (*Indemnification of the Trustee*), 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 when 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 H Shares prior to conversion of the Bonds, but are subject to changes made with respect to the H Shares.

Unless and until the Bondholders acquire the H Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the H Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the H Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the H 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 H 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) at any time on or after the 41st day after the Issue Date until the earlier of (a) the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling seven 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 (at the place aforesaid) on a date no later than seven working days (at the place aforesaid) 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 the U.S. Dollar Equivalent 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 H Shares issuable upon their conversion may limit Bondholders' ability to sell the Bonds in the United States.

The Bonds and the H 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 H 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 H Shares into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the H 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 and Hong Kong tax consequences.).

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 Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders*” and “*Terms and Conditions of the 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, 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 the U.S. Dollar Equivalent of their outstanding principal amount as at the relevant redemption date. See “*Terms and Conditions of the 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 the PRC.

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 authorised 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, reorganisations, 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 Bonds will not bear interest. 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. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain.

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 Bonds may be adversely affected by changes in the exchange rates between the Renminbi and the U.S. dollar.

The 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 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 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, 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.

Lack of a public market for the Bonds.

The Bonds are a new issue of securities for which there is currently no trading market. Application will be 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 a price that may be lower than the initial offering price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the financial condition, financial performance and future prospects of the Issuer;

- the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to the Issuer; and
- changes in the industry and competition affecting the Group.

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 and the merits and risks of investing in the Bonds and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 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 advisor) 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.

The Bonds contain provisions regarding modification, waivers and substitution, which could affect the rights of Bondholders.

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, but shall not be obliged to, without the consent of the Bondholders, agree to any modification (except as mentioned in the Trust Deed) and any waiver or authorisation 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, is not materially prejudicial to the interests of the Bondholders.

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 Issuer'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 Issuer, its jointly controlled entities and associated companies.

The Issuer 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 Issuer'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 Issuer 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 Issuer to make payments on the Bonds. These factors could reduce the payments that the Issuer 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 Issuer 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 Order 56 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.

Effective from 10 February 2023, the NDRC issued Order 56, which has superseded the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (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). Under Order 56, the Issuer shall (i) obtain a Certificate of Review and Registration of Enterprise Borrowing of Foreign Debt from the NDRC (the “**NDRC Certificate**”), (ii) file or report or cause to be filed or reported with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the NDRC Certificate in accordance with Order 56, (iii) file or report or cause to be filed or reported with the NDRC status of utilisation of foreign debt funds, the status of and the plan for repayment of principal, key operating indicators, etc. within five PRC business days before the end of January and the end of July each year, (iv) file or report or cause to be filed or reported the requisite information and documents upon the occurrence of any material event that may affect the enterprise’s due performance of its debt obligations and comply with other obligations under Order 56.

The NDRC has issued a certificate on 25 July 2025 in accordance with Order 56. Failure to comply with the NDRC post-issue and continuing obligations (such as post-issue reporting, pre-issuance approval expiration reporting, periodical reporting and major event reporting, etc.) under articles 24 and 26 of Order 56 may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the “Credit China” website and the national enterprise credit information publicity system, among others.

The Issuer undertakes that it will, within the relevant prescribed timeframes after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with Order 56 and comply with the continuing obligations under Order 56 and other applicable PRC laws and regulations in relation to the issue of the Bonds.

In accordance with the Foreign Debt Registration Measures issued by SAFE on 28 April 2013, which came into effect on 13 May 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 the Ministry of Finance, the 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 endeavours, and it intends, to complete the registration of the Bonds with SAFE within 90 Registration Business Days after 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 endeavours, 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.

There may be filing or other requirements of the CSRC or other PRC government authorities in relation to our proposed issuance of the Bonds or further capital raise activities.

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines (together, the “**CSRC Filing Rules**”), which came into effect on 31 March 2023. The CSRC Filing Rules will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. According to the CSRC Filing Rules, indirect overseas offering and listing of domestic companies refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a company in mainland China that operates its main business in mainland China. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible bonds and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. In connection with the CSRC Filing Rules, on 17 February 2023 the CSRC also published the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (關於境內企業境外發行上市備案管理安排的通知) (the “**Notice on**

Overseas Listing Measures”). According to the Notice on Overseas Listing Measures, issuers that have already been listed in an overseas market by 31 March 2023, the date the Overseas Listing Measures became effective, are not required to make any immediate filing and are only required to comply with the filing requirements under the CSRC Filing Rules when it subsequently seeks to conduct a follow-on offering. We have been advised that we are required to go through filing procedures with the CSRC after the completion of this offering of the Bonds and for our future offerings and listing of our securities in an overseas market under the CSRC Filing Rules for this offering. The CSRC Filing Rules provide that an overseas offering and listing, including the follow-on offering of convertible bonds, is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller (the “**Forbidden Circumstances**”). In addition, in the process of filing, where the issuer may be under any of the Forbidden Circumstances, the CSRC may solicit the opinions of the competent government authorities under the State Council.

We will comply with applicable filing requirements as appropriate. However, the interpretation, application and enforcement of the CSRC Filing Rules are evolving. We cannot assure you that we are able to meet such requirements, obtain such permit from the relevant government authorities, or complete such filing in a timely manner or at all. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirements on us. If it is determined that we are subject to any approval, filing, other governmental authorisation or requirements from the CSRC or other PRC government authorities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial condition.

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

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 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, capitalisation 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 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 H 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 H Shares issuable upon such conversion or exercise, or the perception that such sale may occur could adversely affect prevailing market prices of the H 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 H 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 Shenzhen 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 different from 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 there can be no assurance that 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 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 organisations in Hong Kong or China, rather than through a court of law. An arrangement was made between Hong Kong and Mainland China for the mutual enforcement of arbitral awards, which was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council and became effective on 1 February 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.

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 depositary 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 depositary 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.

USE OF PROCEEDS

The net proceeds from this offering, after deduction of fees, commissions and certain estimated offering expenses, will be approximately US\$494.30 million (equivalent to approximately RMB3,543 million). The Issuer intends to use the net proceeds of this offering for enhancing the Issuer's R&D investments in computility products.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's capitalisation and indebtedness as of 31 December 2024 and as adjusted to give effect to this offering. You should read this table in conjunction with the Group's audited consolidated financial statements as of 31 December 2024, and related notes incorporated by reference in this Offering Circular.

	As of 31 December 2024			
	Actual		As Adjusted ⁽²⁾	
	RMB	US\$ ⁽¹⁾	RMB	US\$ ⁽¹⁾
	(in millions)			
Indebtedness				
Short-term loans	11,475.03	1,572.07	11,475.03	1,572.07
Long-term loans	44,058.92	6,036.05	44,058.92	6,036.05
Bonds payable	1,004.88	137.67	1,004.88	137.67
Bonds to be issued	—	—	3,584.00	491.01
Total indebtedness	56,538.83	7,745.79	60,122.83	8,236.80
Total shareholders' equity	73,110.28	10,016.07	73,110.28	10,016.07
Total capitalisation⁽³⁾	129,649.11	17,761.86	133,233.11	18,252.87

Notes:

- (1) Amounts in Renminbi have been translated at an exchange rate of USD1.00 = RMB7.2993, being the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2024. No representation is made that the RMB amounts should have been, could have been or may be converted to U.S. dollars, or vice versa, at that rate.
- (2) As adjusted as of 31 December 2024 to give effect to the issue of the Bonds and the proceeds we are expecting to receive from the issue of the Bonds (before deducting underwriting commissions and certain estimated offering expenses). In accordance with International Accounting Standards 32, *Financial Instruments: Presentation*, a convertible bond that can be converted to equity share capital at the option of the holder which is accounted for as compound financial instruments contains both a liability component and an equity component. For illustrative purpose, the aggregate proceeds we are expecting to receive from the issue of the Bonds (before deducting underwriting commissions and certain estimated offering expenses) will be assumed as the liability component and no allocation to the equity component will be made.
- (3) Total capitalisation represents the sum of the total indebtedness and total shareholders' equity.

Other than as disclosed above, there has been no material change in the Issuer's consolidated capitalisation or indebtedness since 31 December 2024.

DIVIDENDS

Subject to the laws of the PRC and the Articles of Association, the Issuer shall distribute dividends to shareholders on a yearly basis in a specific proportion out of the distributable profit realised for the year. The Issuer may distribute dividends in cash or in shares. Under favourable circumstances, the Issuer may distribute interim dividends. When distributing dividends to shareholders, the Issuer shall withhold and turn over the tax payable on the dividend income of shareholders based on the amount distributed and in accordance with PRC tax laws.

Dividends or other distributions of the Issuer shall be declared and calculated in Renminbi. Where the Company makes payment to holders of foreign investment shares in foreign currency, the foreign currency shall be arranged in accordance with the relevant state foreign exchange regulations.

The Board has recommended the payment of a final dividend of RMB6.17 for every 10 shares (before tax) in respect of the year ended 31 December 2024. The final dividend has been approved by the shareholders of the Issuer at the 2024 annual general meeting of the Issuer.

DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer was incorporated on 11 November 1997 as a joint stock limited liability company in Guangdong Province, the PRC. The Issuer's A shares were listed on the main board of the Shenzhen Stock Exchange following an initial public offering in November 1997, stock code 000063.SZ. It became the first A share company to be listed on the Main Board of the Hong Kong Stock Exchange following an initial public offering of H shares in December 2004, stock code 00763.HK. The controlling shareholder of the Group is Zhongxingxin Telecom Company Limited, a company which was incorporated in the PRC on 29 April 1993 and has a registered capital of RMB100 million. The Issuer is independent of its controlling shareholder in respect of assets, staffing, finance, organisation and business. The Issuer and its controlling shareholder are being audited independently and each assumes its own responsibilities and risks.

The Group is a world-leading provider of integrated telecommunications and IT solutions with a full range of end-to-end ICT products and solutions, integrating design, development, production, sales and services with a special focus on carriers' networks, consumer business and government and corporate business. As a global leading provider of integrated ICT solutions, the Group is organised into business units based on its products and services and has three core operating segments as follows:

- ***Carrier's Network.*** The carriers' network business focuses on meeting carriers' requirements in network evolution with the provision of wireless access, wireline access, bearer systems, core networks, service and storage and other innovative technologies and production solutions.
- ***Consumer Business.*** The consumer business focuses on bringing experience in smart devices to customers while also catering to the requirements of industry clients through the development, production and sale of products such as home information terminal, smart phones, mobile Internet terminals, innovative fusion terminals, as well as the provision of related software application and value-added services.
- ***Government and Corporate Business.*** The government and corporate business focuses on meeting requirements of government and corporate clients, providing informatisation solutions for the government and corporations through the application of products such as communications networks, IOT, Big Data and cloud computing.

Technological leadership is the cornerstone of the Group's development. As at 31 December 2024, the Group has a headcount of over 33,000 R&D personnel, representing over 48.5% of its total workforce. The Group is a major contributor of global patents and participant in the research and standard formulation for global 5G technology. As at 31 December 2024, the Group had submitted approximately 93,000 global patent applications and owned approximately 48,000 authorised global patents, including approximately 5,500 patent applications and over 2,000 authorised patents in the chip sector. In the AI sector, the Group had over 5,000 patent applications and close to half of them had been authorised. The Group has received 11 gold awards, 3 silver awards and 39 awards of excellence in the patent awards of China. The Group is a member of more than 200 international standardisation organisations, industry alliances, scientific associations and open-source

communities, such as ITU (International Telecommunication Union), 3GPP (third generation partnership programme), ETSI (European Telecommunications Standards Institute), NGMN (The Next Generation Mobile Networks), IEEE (Institute of Electrical and Electronics Engineers), CCSA (The China Communications Standards Association), 5GAIA (5G Applications Industry Array) and AII (Alliance of Industrial Internet) and a board member of numerous organisations such as GSA (Global Suppliers' Alliance) and ETSI (The European Telecommunications Standards Institute).

With innovative technologies and product solutions, the Group serves global telecom operators, consumers and government and enterprise customers. Covering more than 160 countries and regions, the Group serves over one-fourth of people worldwide, and is committed to achieving a future of global connectivity and trust. The Group strives to create an intelligent future with digital innovation, an excellent growth platform for employees and greater value for customers, shareholders and stakeholders across the globe. The Group intends to persist in its innovation-driven approach and maintain its strategic focus to speed up transition from connectivity to computility while controlling operational risks to maintain stable operations.

As at 31 December 2024, the total share capital of the Issuer was 4,783,534,887 shares (including 4,028,032,353 A shares and 755,502,534 H shares), all of which have already been paid up. As at 31 December 2022, 2023 and 2024, the Group's total assets amounted to RMB180,953.6 million, RMB200,958.3 million and RMB207,323.2 million. For the years ended 31 December 2022, 2023 and 2024, the Group recorded operating revenue of RMB122,954.4 million, RMB124,250.9 million and RMB121,298.8 million, respectively. For the same periods, the Group recorded net profit attributable to holders of ordinary shares of the listed company of RMB8,080.3 million, RMB9,325.8 million and RMB8,424.8 million, respectively.

COMPETITIVE STRENGTHS

Commitment to long-term investment and mastery of foundational technologies.

The Group is committed to long-term investment and leverages its strengths as it seeks to position itself as a “path-builder for digital economy”. Driven by this commitment, the Group continues to advance R&D efforts across connectivity and computility as a form of long-term investment, with a strong emphasis on achieving mastery of foundational technologies. These efforts, which led to breakthroughs in technology, support the ongoing enhancement of core products and solutions spanning network segment, computility infrastructure, terminal and digital energy, as well as the development of new patents.

Mastery of foundational technologies

The Group continues to strengthen its position as one of the world leaders in chip design and innovation. Since initiating its chip R&D efforts in 1996, the Group has steadily deepened its investment in advanced process technique design, advanced architecture and seal packaging design, core intellectual properties and digitalised efficient development platforms. Through years of structured and purposeful R&D efforts, the Group has attained comprehensive, end-to-end chip design capabilities that serve as the backbone to its mastery of foundational technologies.

The Group has achieved sustained advances in operating systems, underpinned by long-term proprietary R&D across foundational technologies such as internal core, virtualisation and development tooling. Its systems are at the forefront of the industry in terms of real-time performance, reliability and security, and support a complete suite of solutions for a broad range of devices, including built-in devices, servers, desktop platforms, and terminals. These solutions have been widely adopted across key sectors such as telecommunication, automotive, energy and railway transportation, providing global customers with secure, reliable, and functionally robust foundational software platforms. The Group's achievements in this domain have been recognised through awards including Class I Science and Technology Award of China Institute of Communications and the Fourth China Industry Award. The Group's operating systems have also attained the OSDL (Open Source Development Labs) Telecom-grade Linux accreditation, Tier-four National Information System Security accreditation, China Network Security Examination and Accreditation Centre EAL4 enhanced accreditation, ISO 26262 ASIL-D management accreditation and product accreditation for auto electronics, POSIX PSE52 accreditation of IEEE (Institute of Electrical and Electronics Engineers), safety and reliability assessment test of China Information Technology Security Evaluation Center for server operating system, and class III (optimal grade) certification for software supply chain security. These credentials underscore the Group's mastery in operating systems.

The Group has expanded its technological innovation and market presence in the database domain through the development of GoldenDB, its proprietary relational database product. GoldenDB supports locally-deployed database solutions tailored to users' requirements and industry trends. Meanwhile, the Group has partnered with China Mobile in the R&D of public cloud database products. On the technical front, the Group is among the leading developers of HTAP (hybrid transactional analytical processing) technologies in the financial sector, having achieved over 2.60 million TPS (transaction per second) in live testing, which significantly outperforms customers' existing databases. The first batch of the Group's distributed database products have successfully passed the security and reliability test of China Information Technology Security Evaluation Center. In terms of market adoption, GoldenDB held leading market share in both the financial and telecommunications sectors in 2024, whilst also extending into the government, transportation, and energy sectors. As at the end of 2024, GoldenDB supported over RMB10,000 billion in financial transaction volume and more than 10 billion core transactions, while also enabling billing for more than 900 million mobile users, on a daily basis.

Network technology

The Group continued to enhance product competitiveness in the network segment through ongoing technological innovation and remain one of the industry leaders in 5G base stations and the network deployment. In 2024, the Group partnered with carriers to accelerate the industrial application and technical maturity of a range of products featuring innovative 5G-A technologies, such as double 10G+ high-speed network, communication-sensing integration, and air-space-terrestrial integration, among others. Furthermore, the Group has launched the industry's first integrated full-speed 50G PON solution, equipped with a proprietary core chip that supports compatibility across multiple generations of PON technologies. This solution has undergone trial deployment at more than 50 carriers globally, supporting the smooth upgrade and evolution of live networks while accelerating sophisticated commercial application.

Computivity infrastructure

In terms of computivity infrastructure, the Group has strengthened its R&D efforts to capture emerging opportunities arising from large-scale AI models. It has introduced a full stack of intelligent computing solutions designed for deployment across diverse scenarios, empowering the digital and intelligent transformation of multiple industries. These developments are underpinned by continued progress in open-ended decoupling and enhanced computing through network, training, and inference. Collectively these initiatives strengthen the competitiveness of the Group's intelligent computing offerings and foster an open ecosystem for intelligent computing.

In the area of server and storage systems, the Group offers a diverse portfolio of intelligent computing products designed to meet varying scenario requirements. These products leverage mainstream GPUs to provide users with flexible options whilst enhancing performance and stability of intelligent computing resources through wide-area coordination of computing, storage, and network. Notably, the Group has independently developed the Dinghai chip, which supports multiple configurations such as RDMA cards, smart network interface cards, and DPU cards to provide high-performance and diversified computing acceleration hardware. The Group also partnered with industry players to promote high-speed and open-ended interconnection standards for GPUs to catalyze the development of next-generation intelligent computing servers equipped with interconnected super nodes.

In the switching domain, the Group has developed and domestically manufactured an ultra-high density 400GE/800GE frame switch based on the proprietary 7.2T distributed forwarding chip and 112Gb/s high-speed bus technology. The switch, which supports 576 400GE ports or 288 800GE ports, ranks among the highest-performing products within the industry. Additionally, the 51.2T box switch, supporting 128 400GE ports at first-rate industry standards, has been deployed at scale by major Internet companies, demonstrating its suitability for demanding commercial applications.

Terminal products

The Group has continued to advance its “AI for All” strategy by launching terminal products tailored to five key consumer spending scenarios, including sports and health, audio-visual entertainment, business travel, home education and intelligent driving. These products aim to enhance user experiences through innovative AI-driven agent-to-agent interaction technologies. The Group consistently leads the market with top global ranking in the dispatch for PON CPE and IP set-top boxes, with the annual dispatch of our home terminal products for 2024 exceeding 100 million units.

Digital energy

The Group has introduced its Zero-Carbon Energy Net Solution V3.0, aimed at advancing green power application, improving network energy efficiency, and enabling intelligent maintenance through enhanced network power management. Building on key innovations such as sPV (smart photovoltaic) systems, ultra-high-efficiency energy conversion, intelligent backup and storage, smart power distribution, smart temperature control and AI-based multi-energy scheduling, the Group has focused on implementing solutions for minimal site, green machine room, green industrial complex, and energy operation, among others. Leveraging its position as a major global supplier of communications energy solutions, the

Group has carried out large-scale deployment of the 5G power supply systems and minimal station solutions. The Group has also continued its intensive investment in the development of core capabilities in power conversion, maintaining a leading position in the industry in terms of terms of rectifier efficiency and power density performance. The Group's sPV-based solar power solutions enable seamless integration at existing network sites.

In addition, the Group has intensified its efforts in the development of communication energy storage and supported storage integration and multiple forms of energy storage conducive to low-carbon energy consumption. The Group has been a leading supplier in the communication energy storage sector with a growth rate of over 30% in terms of annual dispatch of lithium batteries for 2024.

Intellectual property

The Group is a major contributor and participant in the research and standard formulation for global 5G technology. As at 31 December 2024, the Group had filed approximately 93,000 global patent applications and held approximately 48,000 authorised global patents, including approximately 5,500 patent applications and over 2,000 authorised patents specifically in the chip domain. In the AI sector, the Group filed over 5,000 patent applications, with close to half already authorised. The Group has continued to make ETSI (European Telecommunications Standards Institute) disclosures on its 5G standard essential patents. Its achievements in intellectual property have been recognised with 11 gold awards, 3 silver awards and 39 awards of excellence in the patent awards of China.

A leading position in the ICT industry in China.

Leveraging over 40 years of experience in the ICT industry in China, the Group has developed two long-standing strengths in the networking domain and two emerging advantages in the field of integrated ICT solutions, solidifying its position as a leading player in the industry.

Among its long-standing strengths, the Group maintains an organisational structure tailored to support the management of complex projects and possesses the technical capability to catalyze software-hardware synergy. While the broader industry is actively working towards decoupling the emerging intelligent computing, intelligent computing remains to be highly integrated and complex. With a well-developed organisational structure, the Group's ability to organise large-scale teams across chip development, hardware design, operating systems, software applications, and system optimisation positions it strongly in addressing the complexity of delivering intelligent computing solutions before full decoupling of intelligent computing is achieved. The Group's ability to catalyze software-hardware synergy, made possible through deep software-hardware co-design, also enables the Group to deliver intelligent computing solutions with better efficacy at a reduced cost when both software and hardware remain deeply coupled in intelligent computing.

In terms of emerging advantages, the Group adopts a modular research and development model and implements a business model which embraces collaboration with external business partners. The Group has adopted a modular research model since 2018 to address the increased need to shorten research and development cycles brought about by the convergence of information technology and computational thinking. Relying on the modular model and ZTE Digital Star Cloud Solution (中興通訊數字星雲解決方案), the

Group has maintained its strength in delivering complex solutions while enhancing its responsiveness to market changes. Furthermore, the Group has implemented a business model embracing collaboration with external business partners in recent years, the open and collaborative approach has and continues to foster symbiotic-like business relationships for the Group's accelerated growth across the value chain.

Strong global market expansion and service capabilities.

The Group maintains active partnership with more than 110 global telecom operators in more than 160 countries and regions, supported by a portfolio of innovative technologies and product solutions. Global footprint of the Group's partnered telecom operators spans key markets including the PRC, Europe, Asia Pacific and the Middle East, collectively serving more than 2 billion users worldwide. In 2024, operating revenue generated by the Group from markets outside of the PRC amounted to RMB39,293.1 million, representing 32.4% of our Group's revenue for the year.

As at 31 December 2024, the Group operated 11 R&D centres globally alongside 12 overseas joint innovation centres. To support global clients, the Group established a global customer support center (GCSC) with three sub-centers in the PRC, 5 regional customer support centers (RCSC) and 40 local customer support centers (LCSC), forming a three-tier customer support service cloud platform with coverage across key international markets. This global support infrastructure offers round-the-clock technical support in multiple languages. The Group coordinates its global service cloud resources to ensure prompt response to customer issues, effectively maintaining the secure and stable operation of customer networks. In addition, the Group maintains a global repair center and 3 sub-centers, 2 overseas regional repair centers and 12 local repair centers, with a total maintenance capacity of 600,000 parts per annum. Complementing this infrastructure are a centralised spare parts warehouse, 3 regional spare parts warehouses and more than 400 local spare parts storage sites, which enable the Group to provide efficient and convenient hardware support to customers worldwide.

As one of the leading Chinese technology enterprises with a focus on the development and application of its proprietary intellectual property across foundational technologies, the Group offers attractive prospects for high-calibre technology and business professionals both domestically and abroad. Anchored by a corporate culture that prioritises customer value, innovation, mutual respect, and dedication, the Group has nurtured a motivated, efficient and high-quality workforce, which has served and continues to serve as a robust foundation for the Group's future development. The Group believes in the benefits of developing the skills and knowledge of the Group's management team and employees, and regularly conducts both in-house and external management and professional training programs. It has successfully attracted, trained and retained a significant pool of highly educated and experienced managers and technical professionals with extensive experience. As at 31 December 2024, the Group employs more than 10,000 service engineers, over 3,000 PMP certified personnel, and more than 2,500 contractors worldwide.

BUSINESS STRATEGIES

The Group positions itself as a “path-builder for digital economy”, focusing on the pathway of “connectivity + computility”. In the presence of new challenges as well as opportunities, the Group will operate its business on the principle of “seeking advancement while ensuring stability and pursuing innovation while assuring the principal business” and strengthen its

resilience, expediting development of the secondary-curve business represented by products and solutions such as server and storage and data centre switch, and computing and handset on top of stable advancement of the primary-curve business represented by wireless and wireline products, in order to chart new frontiers.

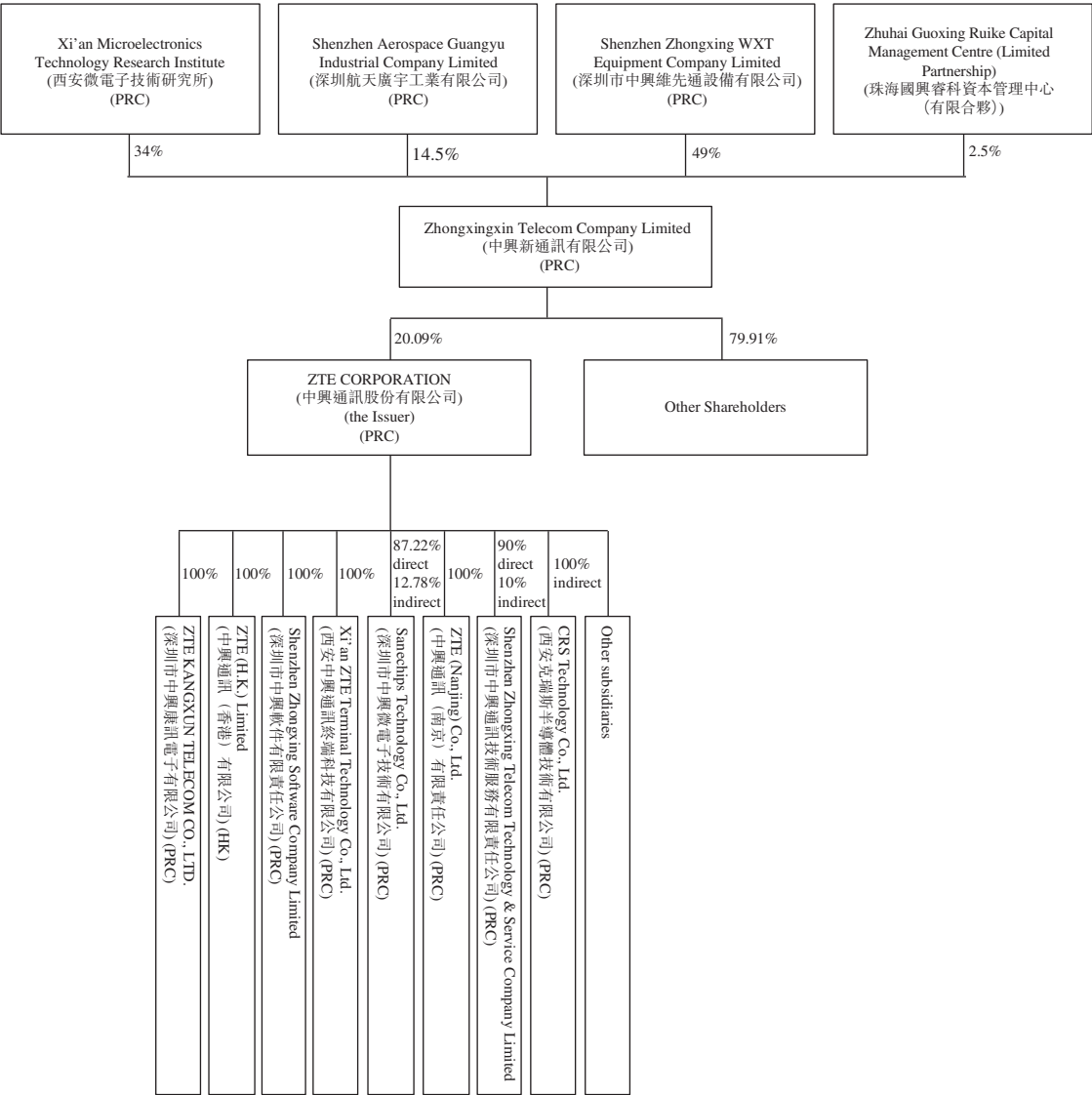
In connection with the Group's primary-curve business, in the domestic market, the Group will focus in identifying the potential of network products, seizing opportunities arising from the construction of 5G-A and full-optical networks to consistently enhance its advantage of being technologically advanced and increase its market share. The Group will persist in designating intelligent computing as a major pathway in our long-term strategy and bring into play our strengths in full-stack technologies and engineering competence in line with our core principles of open-ended decoupling, enhancing computing through network and training and inference. In the international market, the Group will continue to identify further potentials in major nations and big Ts (mainstream telecom carriers) for its traditional business to consistently increase its market share and influence.

In connection with the Group's secondary-curve business, the Group will focus on advancing the application of products and solutions such as server and storage, data centre switch, data centre support and training and inference. The Group will also focus on opportunities presented by digitalisation, intelligentisation, low-carbon development and IT innovation and make ongoing efforts to deepen domestic market development. The Group will further deepen cooperation with leading players in the Internet and finance sectors and deepen its operation in key sectors such as power, transportation and government affairs, seeking to increase its market share and business scale with a special emphasis on qualitative growth. Furthermore, the Group will seek innovation and breakthrough on the back of technologies and capabilities developed over years of R&D effort.

In view of the historic opportunity presented by the latest round of technological revolution and industrial transformation, the Group will actively embrace the new wave of digital construction by persisting in proprietary innovation in core technologies in firm adherence to its positioning as a "path-builder for digital economy", as it strives to enhance its primary-curve business and bring driving force to its secondary-curve business with a sustained strategic focus in a bid to facilitate sustainable, qualitative development.

CORPORATE STRUCTURE

The following chart is a simplified structure of the Group as at 31 December 2024:



The Issuer carries out its business activities in the PRC primarily through subsidiaries directly and wholly owned by it as at 31 December 2024. The following is an overview of the major subsidiaries:

- ZTE KANGXUN TELECOM CO., LTD. (深圳市中興康訊電子有限公司) was incorporated in the PRC and directly and wholly owned by the Issuer. It has a registered capital of RMB1,755 million as at 31 December 2024. It principally engages in the design, production and sales of electrical appliances, their components and integrated circuits.
- ZTE (H.K.) Limited (中興通訊(香港)有限公司) was incorporated in Hong Kong and directly and wholly owned by the Issuer. It has a share capital of HK\$2,483.7 million. It principally engages in the sales of communication equipment, the procurement of electronic components and ancillary equipment, R&D, training and consulting services and investment holding business in the international market.

- Shenzhen Zhongxing Software Company Limited (深圳市中興軟件有限責任公司) was incorporated in the PRC and directly and wholly owned by the Issuer. It has a registered capital of RMB51.1 million. It principally engages in the servicing of communication equipment, network planning, terminal products and software development.
- Xi'an ZTE Terminal Technology Co., Ltd. (西安中興通訊終端科技有限公司) was incorporated in the PRC and directly and wholly owned by the Issuer. It has a registered capital of RMB300 million. It principally engages in the manufacturing and sales of mobile terminal products, digitalised family products, smart family consumption apparatus and smart in-vehicle devices.
- Sanechips Technology Co., Ltd. (深圳市中興微電子技術有限公司) was incorporated in the PRC and directly and indirectly owned as to, respectively, 87.22% and 12.78% by the Issuer. It has a registered capital of RMB131.6 million. It principally engages in the design, production and sales of integrated circuits and cross-border trading.
- ZTE (Nanjing) Co., Ltd. (中興通訊(南京)有限責任公司) was incorporated in the PRC and directly and wholly owned by the Issuer. It has a registered capital of RMB1,000 million. It principally engages in the development of communication equipment, production stored program control system, multimedia communication system, equipment transmission system.
- Shenzhen Zhongxing Telecom Technology & Service Company Limited (深圳市中興通訊技術服務有限責任公司) was incorporated in the PRC and directly and indirectly owned as to, respectively, 90% and 10% by the Issuer. It has a registered capital of RMB200 million. It principally engages in the servicing of communication engineering and technology and the development of computer networks, electronic appliances, computer software and communication equipment.
- CRS Technology Co., Ltd. (西安克瑞斯半導體技術有限公司) was incorporated in the PRC and indirectly and wholly owned by the Issuer. It has a registered capital of RMB1,000 million. It principally engages in the design, production and sales of integrated circuits, the development of computer technology, electronic technology and information technology.

THE GROUP'S BUSINESS SEGMENTS

The Issuer is a world-leading provider of integrated telecommunications and IT solutions with a full range of end-to-end ICT products and solutions, integrating design, development, production, sales and services. The Group has a special focus on three principal business segments, namely (i) carriers' network, (ii) consumer business and (iii) government and corporate business.

The following table sets out a breakdown of the Group's operating revenue for the years ended 31 December 2022, 2023 and 2024 categorised by business segments:

	Year ended 31 December					
	2022		2023		2024	
	Amount (RMB in millions)	%	Amount (RMB in millions)	%	Amount (RMB in millions)	%
Carriers' network	80,040.6	65.1	82,758.9	66.6	70,326.7	58.0
Consumer business	28,286.1	23.0	27,908.5	22.5	32,406.1	26.7
Government and corporate business	14,627.7	11.9	13,583.5	10.9	18,566.0	15.3
Total	122,954.4	100.0	124,250.9	100.0	121,298.8	100.0

The following table sets out a breakdown of the Group's operating costs for the years ended 31 December 2022, 2023 and 2024 categorised by business segments:

	Year ended 31 December					
	2022		2023		2024	
	Amount (RMB in millions)	%	Amount (RMB in millions)	%	Amount (RMB in millions)	%
Carriers' network	43,046.5	55.8	42,116.0	57.9	34,527.8	45.8
Consumer business	23,261.3	30.1	21,745.1	29.9	25,063.3	33.3
Government and corporate business	10,919.8	14.1	8,841.5	12.1	15,720.0	20.9
Total	77,227.6	100.0	72,702.6	100.0	75,311.1	100.0

The following table sets out a breakdown of the Group's gross profit margin for the years ended 31 December 2022, 2023 and 2024 categorised by business segments:

	Year ended 31 December		
	2022 %	2023 %	2024 %
Carriers' network	46.2	49.1	50.9
Consumer business	17.8	22.1	22.7
Government and corporate business	25.4	34.9	15.3
Total	37.2	41.5	37.9

Carriers' Network

The Group's core business is in the provision of carriers' network, which is also the main source of the Group's revenues and profits. The Group provides carriers' network predominantly by collaborating with the top three carriers in China as well as overseas mainstream telecom carriers and providing them with end-to-end communication equipment along with a reliable, stable and effective communication network. The Group develops the business by engaging in innovations in computing network and cloud network integration, advancing the application of products and solutions such as server and storage, data centre switch, data centre support and training and inference, and committing in the development of key technologies relating to wireless access, full-optical networks, cloud networks and chips. The Group settles transactions for its carriers' network with the top three carriers in China mostly by way of cash and commercial papers, and with overseas mainstream telecom carriers mostly by way of wire transfer and letters of credit.

The Group leverages its 20+ -year proprietary R&D efforts in the distribution of operating systems, offering a complete range of solutions for operating systems of equipment types such as built-in device, server, desktop system and terminals that have been extensively used in the communication, automobile, electricity and railway transportation sectors. The Group's operating systems have attained the OSDL (Open Source Development Labs) Telecom-grade Linux accreditation, Tier-four National Information System Security accreditation, China Network Security Examination and Accreditation Centre EAL4 enhanced accreditation, ISO 26262 ASIL-D management accreditation and product accreditation for auto electronics, POSIX PSE52 accreditation of IEEE (Institute of Electrical and Electronics Engineers), safety and reliability assessment test of China Information Technology Security Evaluation Center for server operating system and class III (optimal grade) certification for software supply chain security.

The Group designs mobile communication networks for its carrier and industry customers. It creates product solutions with special features for scenarios such as the high-speed rail, indoor hotspots and scenic areas. Its carriers' networks allow for multiple frequencies, multiple modes and high integration levels. It distributes products for wireless access such as the 2.6GHz+4.9GHz dual-frequency 64TR AAU with a 20Bbps+ throughput volume, 1.6GHz bandwidth millimeter wave AAU with a 25Gbps+ throughput volume and medium-frequency pooling MiCell millimeter wave distributed mini-stations. It also distributes products for wireline access such as the integrated full-speed 50-Gigabit-capable Passive Optical Network (50G PON) with a proprietary core chip compatible with PON technologies of different generations.

The Group seeks to expand its 5G-A innovations, applications and practices, as it collaborates with carriers to achieve (i) double 10G+ maximum limit network, (ii) communication and sensor integration and (iii) air-space-terrestrial integration. It has expanded its 10G networks to new business sectors such as cultural activities and entertainment, programme production and broadcast, metro transport and cruise. It distributes its large spread-angle 128TR AAU product to fulfill integrated communication and sensor capabilities at low altitudes of 0–600 meters, serving multiple areas from logistical distribution, low-altitude security defense, to low-altitude smart industry park and security protection and inspection. It completed verification of the carrier NR-NTN (non-terrestrial network) low-orbit satellite laboratory simulation, the verification test for general service carrier, and verification of the NR-NTN+VoWiFi integrated network. In line with the evolution of 5G-A intelligentisation, the Group also operates the AI Core, an initiative to fully integrate AI capabilities into networks, business service and maintenance, enabling and assisting carriers to enhance their network efficiency and facilitate network realisation through AI.

When providing and maintaining carriers' network, the Group derives earnings from offering value-added solutions relating to individual electronic components (such as surface wave soldering and in-circuit testing) as well as solutions relating to complete units of communication equipment (such as high-temperature testing, packaging and warehousing). The Group also earns from manufacturing and distributing wireless products (such as 2/3/4/5G multi-mode wireless access products, microwave, cloud core network and servers) as well as wireline products (such as optical storage, optical access, high-end routers, data centre exchanges, industry park exchanges and end products). The Group's manufacturing facilities for its wireless products are primarily located in Shenzhen and Nanjing, whereas its manufacturing facilities for its wireline products are primarily located in Shenzhen, Heyuan and Changsha in China.

The costs of distributing the Group's carriers' network include those for human resources, management and procurement of raw materials such as integrated circuits and other electronic components.

Consumer Business

The Group started its consumer business developing and producing mobile phone-related products in 1998. It has broadened the coverage of its consumer business into now distributing 2/3/4/5G all-series end products to around 160 countries and regions in Asia, Africa and Europe, America and Oceania. The Group has over 9 R&D centres supporting the growth of an all-comprehensive global network of sales channels, consumers and carriers. It develops, designs and sells three categories of end products, being mobile phones, individual and household products and ancillary products. It owns the ZTE, Nubia and Red Magic brands. It intends to allow users of its consumer business to enjoy the experience afforded by AI through new technologies in smart agent-to-agent interaction.

The Group develops the consumer business by deploying its "AI for All" full-scenario smart ecosphere 3.0 featuring a full upgrade of MyOS to Nebula AIOS based on the ZTE nebula large model that focuses on five core consumer spending scenarios, namely sports and health, audio-visual entertainment, business travel, home education and intelligent driving. The Group also introduces innovations in technologies such as under-screen camera and bare eye 3D as it launches its flagship products, including innovative terminals such as nubia Z70 Ultra, Red Magic 10 Pro and nubia Pad 3D II, a bare eye 3D tablet. The Group's R&D units for its consumer business are committed to appearance design, structural design, hardware design, software development and quality control. The Group's manufacturing facilities for its end products are primarily located in Changsha and Xi An in China.

The Group has launched Digital Nebula 3.0 to facilitate general upgrade by using as well as leveraging AI, as it helps its customers and partners with large-scale application of AI technologies in a cost-effective manner to realise the value of "AI+ ". It has developed more than 1,000 digital nebula partners and created a series of pole projects in digital and intelligent transformation across 18 industrial sectors including industrial manufacturing, metallurgical smelting, mining, electricity, transportation, government affairs and cultural tourism, for which the Group has been awarded the "2024 Leading Supplier of Digital Solutions in China" and the "2024 Leading Enterprise in Corporate Digital and Intelligent Transformation".

When operating the consumer business, the Group makes profit under two business models. It distributes packages comprising both its carriers' network and its end products to domestic and overseas carriers, deriving earnings from the difference between the cost of production and the wholesale price of the end products. It also distributes its products directly to retail consumers through public and e-commerce channels, deriving earnings from the difference between the cost of production and the retail price of the end products. It settles transactions of its consumer business with carriers in China mostly by way of cash and commercial papers with a maturity period that is no longer than six months, with overseas carriers mostly by way of wire transfer, and with retail consumers mostly by way of cash.

The costs of operating the Group's consumer business include commissions and expenses incurred for the procurement and manufacture of electronic components such as integrated circuits, monitors, storers, camera models and shells.

Government and Corporate Business

Since the inception of China's Fourteenth Five-Year Plan for the National Economic and Social Development and Long-range Objectives Through the Year 2035, the digital economy has become one of the core pillars of qualitative economic development. The Group's government and corporate business seeks to be part of this continuing process of digital and intelligent transformation. It strives to empower the digital and intelligent transformation of all industries and meet government and corporate clients' demands for intelligent computing solutions for all scenarios, in return for equipment and service fees. It settles transactions of its government and corporate business mostly by way of cash and commercial papers.

The Group operates a digital electric station to assist in the construction of multi-location digital converter stations such as Ludao $\pm 320\text{kV}$ converter station in Xiamen and Gezhouba $\pm 500\text{kV}$ converter station in Yichang, in collaboration with the State Grid Corporation of China, one of the world's largest utility companies. It collaborates with China Southern Power Grid Company Limited, a state-owned enterprise responsible for electricity transmission and distribution in Southern China, to implement digital station projects in provinces including Guizhou, Yunnan and Hainan in China. The Group also collaborates with leading enterprises such as State Power Investment Corporation, China Huaneng Group Co., Ltd. and China Huadian Corporation, being three of the five largest state-owned power generation companies in China, focusing on smart maintenance scenarios for power generation facilities such as solar power, wind power, thermal power and hydropower stations. The Group operates 5G+AI smart power plants in Liaoning, Anhui, Yunnan and Guangxi in China. Its digital power generation station solution has received a Class I Award for Cases of Excellence at the ICT China Annual Awards (2024).

The Group has developed a transport computing brain around the core of a cloud platform and the digital nebula with a digital intelligent base based on the large model to support the building of an operational and management "smart brain" for Qingdao Metro Line. It collaborates with China Railway, China's national passenger and freight railroad corporation, as well as the railway bureaus of Beijing, Shanghai, Shenyang and Jinan in China to assist in intelligent railway operation with system cloudification and network automation. It works with Hebei Port Group, Jiangsu Port and Liaoning Port Group to enhance data management and safe production at the port terminals. It assists in building vehicle-road-cloud integration showcase projects in Jinan, Beijing, Changsha and Nanjing in China. It also participates in digital transformation in connection with expressways in Henan and Liaoning in China.

The Group provides the only solution in the industry that features a space, air and terrestrial drone emergency aid platform covering both public and private sectors. It supplies its large-scale unmanned helicopter rescue platforms to 10 provinces under the air emergency category of the 2024 Special National Project for Improvement of Emergency Response to Natural Disasters. The Group's city lifeline solution in service in Nanjing, Kunshan and Changsha has been recognised by the "Gold Award for Achievements in New IoT Technologies, Applications and Models" at the 2024 World IoT Expo. The Group's digital twin-based water conservancy solution has served in projects such as the improvement of flood controls at Yongding River and Siyu Platform of Hebei Provincial Department of Water Resources. The Group also launched the "Jiupai" Large Model for Yangtze Hydrology in association with the Hydrographic Bureau under the Yangtze River Committee of the Ministry of Water Resources. The communication safeguard system for

extreme weather conditions at the gorge section of Yongding River built for the Group's customers as part of the initiative for improving flood controls at Yongding River has been included in the "Promotional List of Achievements in Sophisticated and Applicable Hydrological Technologies 2024" named by the Ministry of Water Resources.

HUMAN RESOURCES

The Group implements principles in line with its core values to unite staff and support the achievement of common strategic goals. It organises daily gathering groups and reading groups to leverage the entrepreneurship of the older generation and to build a common awareness among staff members. It promotes and shares positive energy, strives to shape a sense of honour and belonging, and encourages its staff members to engage in value-added commitments. It embraces a corporate ambience of openness, equality and team effort to motivate staff creativity. It has in place a multi-platform matrix for communication. It counts on its brand influence as an employer to attract high-calibre talents. It also stresses its social responsibility to drive the co-development of the Group and the community.

As at 31 December 2024, the Group had 68,375 employees, with an average age of 35.6 and including 16,361 female employees (or approximately 23.9% of the total staff headcount) and 52,014 male employees (or approximately 76.1% of the total staff headcount). As at 31 December 2024, 48.5% and 20.3% of the Group's total staff headcount work in R&D and manufacturing, respectively, and 41.4% and 35.4% of the same received a master's degree or above and a bachelor's degree, respectively. The Group regularly provides all its staff members with induction training, leadership training, job-specific business skill training and compliance training. The Group's training sessions are conducted in the form of class lessons, public lectures, shared book studies, case discussions, themed seminars, sand table drilling, project assignments and online learning or remote learning via PC terminals or mobile phones. The Group also specifically provides its management officers with a variety of online and offline training comprising reading classes, close-ended training, guided reading and online learning.

INTELLECTUAL PROPERTY

The Group is positioned within the first quadrant in terms of global patents as a major contributor and participant in the research and standard formulation for global 5G technology. As at 31 December 2024, the Group had submitted approximately 93,000 global patent applications and owned approximately 48,000 authorised global patents, including approximately 5,500 patent applications and over 2,000 authorised patents in the chip sector. In the AI sector, the Group had over 5,000 patent applications and close to half of them had been authorised. The Group has continued to make ETSI (European Telecommunications Standards Institute) disclosures on its 5G standard essential patents. The Group has received 11 gold awards, 3 silver awards and 39 awards of excellence in the patent awards of China.

The Group is a member of more than 200 international standardisation organisations, industry alliances, scientific associations and open-source communities, such as ITU (International Telecommunication Union), 3GPP (third generation partnership programme), NGMN (The Next Generation Mobile Networks), IEEE (Institute of Electrical and Electronics Engineers), CCSA (The China Communications Standards Association), 5GAIA (5G Applications Industry Array) and AII (Alliance of Industrial Internet) and a board member of numerous organisations such as GSA (Global Suppliers'

Alliance) and ETSI (European Telecommunications Standards Institute). The Group's specialists also serve in key roles such as chairman/vice chairman and reporter of leading international standardisation organisations, industry alliances, scientific associations and open-source communities.

ENVIRONMENT

The Group implements a low-carbon green strategy and drives sustainable development through four major aspects: (i) green corporate operation, (ii) green supply-chain, (iii) green digital and intelligent bases and (iv) green industry empowerment. For the year ended 31 December 2024, the Group's total expenditures in environmental treatment and protection amounted to approximately RMB56.6 million, which has been applied in the energy-saving conversion of equipment at R&D, production and administration facilities, green landscape in the plant areas, handling of exhaust gas, sewage, hazardous waste and garbage, and green and low-carbon accreditations. The Group organises training sessions on dual carbon requirements such as carbon customs tax and also regularly instructs its metal product manufacturers to conduct carbon emission audit in accordance with the carbon border adjustment mechanism (CBAM) requirements for the declaration of carbon emission data under the European Union's carbon customs tax regime. The Group seeks to enhance efficiency throughout the production process and reduce energy consumption along the entire supply chain. It has in place a "dual circulation" model for the circular economy to optimise and reduce its use of resources, help facilitate global transition towards decarbonisation, increase the ratio of product recycling and reuse, reduce emission and discharge of pollutants and lower the rate of incineration and landfill.

INSURANCE

The Group has purchased liability insurance for its directors, supervisors and senior employees, with a view to procuring timely and proper compensation for any economic loss incurred by third parties as a result of the performance of duties in office by its directors, supervisors and senior management. For businesses that operate in regions with higher assessed risk levels, the Group has the necessary export insurance and resorts to financing means to reduce probable loss. The Group also has in place credit insurance to mitigate customer credit risks. The Group's employees are entitled to accident insurance, business travel insurance, housing allowance, retirement and other benefits. In accordance with relevant regulations of the countries where its employees are located, the Group also participates in social insurance plans organised by the relevant government authorities, under which the Group makes contributions towards each employee's social insurance fund in an amount equivalent to a specified percentage of his or her monthly salaries. The Group's employees are also entitled to pension insurance and unemployment insurance schemes managed by local governments.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is a global leading provider of integrated ICT solutions. The laws and regulations which have a material impact on the business and operations of the Group include, but are not limited to, those pertaining to corporations, contracts, product safety, privacy protection and data compliance, intellectual property and other pertinent laws and regulations of relevant countries and regions and trade rules of relevant international organisations, countries and regions. The Group endeavours to ensure compliance of its businesses and operations with applicable domestic and international laws and regulations.

The Group's Compliance Management Committee monitors the Group's overall conformity with compliance laws and regulations which have a material impact on the Group's business and operations and reports to the Board. The Group's Compliance Management Committee dedicates itself to be responsible for the operation of compliance management regimes and policy-making relating to areas including export control compliance, compliance in anti-commercial bribery and data compliance.

LITIGATION

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business. As at the date of this Offering Circular, the Group is not aware of any material legal proceedings, investigations, claims, disputes, penalties or liabilities currently existing or pending against it that may have a material adverse impact on its business, financial condition or results of operations. None of the Issuer nor any member of the Group is involved in any litigation or arbitration proceedings that are material in the context of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened as at the date of this Offering Circular.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The following table sets forth key information of the directors of the Issuer as of the date of this Offering Circular:

Name	Age	Position
Ms. Fang Rong (方榕)	60	Chair and Non-executive Director
Mr. Xu Ziyang (徐子陽)	52	Executive Director and President
Mr. Yan Junwu (閆俊武)	56	Non-executive Director
Mr. Zhu Weimin (諸為民)	58	Non-executive Director
Mr. Zhang Hong (張洪)	46	Non-executive Director
Mr. Zhuang Jiansheng (莊堅勝) . .	59	Independent Non-executive Director
Mr. Wang Qinggang (王清剛) . . .	54	Independent Non-executive Director
Mr. Tsui Kei Pang (徐奇鵬)	64	Independent Non-executive Director
Ms. Li Miaona (李妙娜)	50	Employee Director

The biographies of the directors of the Issuer are set out below.

Ms. Fang Rong (方榕), born in 1964, graduated from Nanjing Institute of Posts and Telecommunications (now known as Nanjing University of Posts and Telecommunications) in 1987 with a bachelor's degree in engineering, majoring in telecommunications engineering. From 1987 to 1995, Ms. Fang worked at Wuhan Posts and Telecommunications and Science Research Institute under the Ministry of Posts and Telecommunications. She worked with Zhongxingxin, controlling shareholder of the Issuer, from 1995 to 1997. The Issuer was incorporated on 11 November 1997 and Ms. Fang worked with the Issuer from 1997 to 2009, acting as Senior Vice President of the Issuer from 1998 to 2009. She was executive vice president of Zhongxing Development Company Limited from 2009 to April 2024 and has been director of the company since 2009. From September 2021, she has been chair of Xiazhi Technology Company Limited. Ms. Fang has been Non-executive Director of the Issuer since June 2018 and has been Chair of the Issuer since 31 March 2025. Ms. Fang has many years of operational and management experience in the telecommunication industry.

Mr. Xu Ziyang (徐子陽), born in 1972, graduated from University of Electronic Science and Technology of China with a bachelor's degree in engineering majoring in physical electronics technology in 1994. Mr. Xu joined the Issuer in 1998, and served successively as head of development department, and product general manager of core network, regional MKT general manager, general manager of subsidiary and assistant to the President. Mr. Xu has been President of the Issuer since July 2018 and Executive Director of the Issuer since August 2018. Mr. Xu has many years of operational and management experience in the telecommunication industry.

Mr. Yan Junwu (閆俊武), born in 1968. Mr. Yan was previously named Yan Suoping. He graduated from Inner Mongolia University in 1989 majoring in electronics and information systems and further obtained a Master of Engineering degree specialising in general missile design, as well as the title of research fellow, in 1992. Mr. Yan joined Beijing Institute of Astronautical System Engineering under China Academy of Launch Vehicle Technology in 1992 to engage in general missile design and informatisation projects, serving successively as designer, team leader and deputy head of the development and planning department of

Beijing Institute of Astronautical System Engineering under China Academy of Launch Vehicle Technology from 1992 to 2009. From 2009 to 2015, he successively served as deputy head of the planning department and deputy head of the weaponry department of China Aerospace Science and Technology Corporation. From 2015 to 2017, he served as director, president and deputy secretary of Party Committee of Beijing Shenzhou Aerospace Software Technology Co., Ltd. From 2017 to 2020, he was vice chairman of China Siwei Surveying & Mapping Technology Co. Ltd. From 2020 to 2023, he served as director of China Great Wall Industry Corporation, China Siwei Surveying & Mapping Technology Co. Ltd. and Beijing Shenzhou Aerospace Software Technology Co., Ltd., respectively. Since 2023, he has been deputy head of China Academy of Space Electronics Technology, an indirect shareholder of Zhongxingxin. Mr. Yan has extensive experience in the electronics industry in both professional and management capacities.

Mr. Zhu Weimin (諸為民), born in 1966, graduated from the Department of Electronic Engineering of Shanghai Jiaotong University in 1988 with a bachelor's degree in engineering majoring in electronic engineering and obtained an MBA degree from China Europe International Business School in Shanghai in 2003. Mr. Zhu served successively as a technician and deputy head of Suzhou Dongfeng Communication Equipment Factory Research Institute from 1988 to 1991; research engineer and deputy director of the development department of Shenzhen Zhongxing Semiconductor Co., Ltd. from 1991 to 1993; research engineer of Zhongxingxin, the controlling shareholder of the Issuer, and head of Nanjing Research Institute of Zhongxingxin from 1993 to 1997.. The Issuer was incorporated on 11 November 1997 and Mr. Zhu served as Director and Deputy General Manager of the Issuer from 1997 to 2000; deputy general manager of Zhongxingxin from 2002 to 2003; general manager of Shenzhen Changfei Investment Co., Ltd. from 2004 to 2013; and director of Shenzhen Jufei Optoelectronics Co., Ltd. (a company listed on the Shenzhen Stock Exchange) from 2009 to 2015. Mr. Zhu served as director of Shenzhen Techaser Technologies Co., Ltd. from 2008 to 2023 (concurrently as advisor from 2013 to 2018); and chairman/director of Shenzhen Zhongxing International Investment Co., Ltd. and its certain subsidiaries since 2018. At present, he is concurrently serving as director of Zhongxingxin, Shenzhen Zhongxing WXT Equipment Company Limited, Shenzhen Xinyu Tengyue Electronics Co., Ltd. and Hainan Xinghang Technology Company Limited. Mr. Zhu has been Non-executive Director of the Issuer since June 2018. Mr. Zhu has extensive experience in management and operations.

Mr. Zhang Hong (張洪), born in 1979, graduated from Hubei University with a bachelor's degree in Management in 2001, majoring in Accounting. In 2019, he obtained a master's degree in Public Administration from Zhongnan University of Economics and Law. He holds the title of senior accountant and qualifications as a Certified Internal Auditor and an International Certified Management Accountant. He has been included in the list of Top-tier Accounting Professionals of Hubei Province. From 2001 to 2012, Mr. Zhang worked with Hubei Sanjiang Space Wan Feng Technology Development Co., Ltd. as a financial personnel, holding successively the positions of accounting clerk at the financial division, deputy head of accounting division, head of accounting division, head of audit division, director of factory office, head of financial department and deputy chief accountant. From 2012 to 2015, he worked successively as assistant to head of institute and head of financial department and chief accountant of Aerospace Heavy Industry Co., Ltd. From 2015 to 2018, he was deputy head of financial department of China Aerospace Sanjiang Group Co., Ltd. From 2018 to 2023, he was chief accountant, chief legal adviser and chief compliance officer (CCO) of Henan Aerospace Industrial Co., Ltd. Since 2023, he

has been chief accountant, chief legal adviser and chief compliance officer (CCO) of Shenzhen Aerospace Industrial Technology Research Institute Limited and concurrently director and chief accountant of CASIC Shenzhen (Group) Company Limited. He has been supervisor of Zhongxingxin since July 2024 and Non-executive Director of the Issuer since June 2024. Mr. Zhang has many years of experience in management and operations.

Mr. Zhuang Jiansheng (莊堅勝), born in 1965, graduated from East China University of Political Science and Law with a bachelor's degree in law in 1988, and obtained a master's degree in international and economic law from the University of International Business and Economics in 1991. Mr. Zhuang has been admitted as a PRC Attorney. Mr. Zhuang has worked in Shanghai WGQ Free Trade Zone Development Corporation, PricewaterhouseCoopers Consulting Firm, and Baker & McKenzie LLP in the United States. Mr. Zhuang has been the advisory partner of Shanghai Huiye Law Firm with respect to the business of trade compliance and customs since January 2016. He has been Independent Non-executive Director of the Issuer since June 2020. Mr. Zhuang has extensive experience in legal and practical matters in areas like international trade compliance, corporate regulatory matters, customs and tax law.

Mr. Wang Qinggang (王清剛), born in 1970. Mr. Wang was previously named Wang Yong. He graduated from Huazhong Agricultural University with a bachelor's degree in Economics in 1993, majoring in Economic Management. He received a master's degree in Economics from Zhongnan University of Finance (renamed Zhongnan University of Economics and Law in 2000) in 1996, followed by a PHD in Management at Zhongnan University of Economics and Law in 2004. During 2004–2007, he undertook post-doctoral research in business administration at Xiamen University. He holds the qualification of a PRC certified accountant (non-practising). Mr. Wang has been on the faculty of Zhongnan University of Economics and Law since 1996 and is currently a professor/tutor to doctoral students at the School of Accounting of the university. Mr. Wang has been an independent director of Wuhan Xingtuo Xinke Electronics Co., Ltd. (a company listed on the Shanghai Stock Exchange), Wuhan SZY Biotech Joint Stock Co., Ltd. (a non-listed company) and Anhui Hongyu Wuzhou Medical Manufacturing Co., Ltd. (a company listed on the Shenzhen Stock Exchange) since March 2019, January 2021 and February 2023, respectively. He has previously served as independent director at Wuhan Sante Cableway Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange), Jinhui Liquor Co., Ltd. (a company listed on the Shanghai Stock Exchange) and Wuhan Mindsemi Company Limited (a non-listed company). Mr. Wang has been Independent Non-executive Director of the Issuer since June 2024. He has a strong academic and professional background as well as extensive experience in accounting and finance.

Mr. Tsui Kei Pang (徐奇鵬), born in 1960, graduated from The University of Hong Kong with a LLB degree and a Master of Laws degree in 1990 and 1997, respectively. Mr. Tsui has been a practicing solicitor of Hong Kong for more than 30 years, working with Gallant Y T Ho & Co from 1993 to 2018 and, since 2018, Messrs. Anthony Siu & Co where he is currently a partner. Mr. Tsui has been an independent non-executive director of CIMC Enric Holdings Limited (a company listed on the Stock Exchange of Hong Kong) since November 2009. He is also an arbitrator at China International Economic and Trade Arbitration Commission South China Branch (Shenzhen International Arbitration Committee), Hainan International Arbitration Court, and Huizhou Arbitration Committee, respectively, an honorary legal adviser of The Hong Kong Real Estate Association and Hong Kong Association for Testing, Inspection and Certification Ltd.,

respectively, and the vice president of Association of China-Appointed Attesting Officers Limited. He has been Independent Non-executive Director of the Issuer since June 2024. Mr. Tsui has strong professional qualifications and extensive experience in the legal sector.

Ms. Li Miaona (李妙娜), born in 1974, graduated from Renmin University of China in 1997 with a bachelor's degree in History, majoring in Archival Science. Ms. Li joined the Issuer in 2000 and worked with the Quality Section of the Network Business Department and the Editorial of ZTE Newsletter under the Human Resources Department from 2000 to 2005. Ms. Li was Head of the Shenzhen Platform of the Administrative Department of the Issuer from 2005 to 2010. She worked at the Cloud Service Centre under the financial organisation from 2010 to 2017. She was Principal of the Administrative Platform under the Administrative Department, Principal of Operations and Management of Administrative Properties and Head of the Administrative Properties Staff Service Management Department of the Issuer from 2017 to July 2021. Since July 2021, she has been chairman of the Trade Union and Head of the Office of Trade Unions Directly Affiliated with the Headquarters of the Issuer. She is concurrently the chairman of Shenzhen Zhongxing Yihe Investment and Development Company Limited. She has been Supervisor of the Issuer from March 2022 to April 2025 and Employee Director of the Issuer since May 2025. Ms. Li has extensive management and operational experience.

SENIOR MANAGEMENT

The following table sets forth key information of the senior management of the Issuer as of the date of this Offering Circular:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. Xu Ziyang (徐子陽)	52	Executive Director and President
Mr. Wang Xiyu (王喜瑜)	50	Executive Vice President
Ms. Li Ying (李瑩)	47	Executive Vice President and Chief Financial Officer
Mr. Xie Junshi (謝峻石)	49	Executive Vice President
Mr. Ding Jianzhong (丁建中)	48	Secretary to the Board/Company Secretary

The biographies of the senior management of the Issuer are set out below.

Mr. Xu Ziyang (徐子陽). Please refer to the section headed “*Directors*” for his biography.

Mr. Wang Xiyu (王喜瑜), born in 1974, graduated from Northern Jiaotong University (now renamed as “**Beijing Jiaotong University**”) in 1995 with a bachelor's degree in engineering, majoring in power traction and transmission control, and further obtained a master's degree in engineering from Northern Jiaotong University in 1998 majoring in railway traction electrification and automation. Mr. Wang joined the Issuer in 1998 and served successively as engineer, project manager, head of development division and deputy general manager at the CDMA Department of the Issuer from 1998 to 2007. From 2008 to 2016, he had been Head of the Wireless Structure Division and Deputy Head/Head of the Wireless Research Institute at the Wireless Department of the Issuer. He was Deputy CTO and Assistant to the President of the Issuer from 2016 to July 2018. Mr. Wang has been Executive Vice President of the Issuer since July 2018. He has many years of operational and management experience in telecommunications industry.

Ms. Li Ying (李瑩), born in 1978, graduated from Xi'an Jiaotong University in 1999 with a bachelor's degree in management and a bachelor's degree in engineering, and further obtained a master's degree in management majoring in management science and engineering from Xi'an Jiaotong University in 2002. Ms. Li joined the Issuer in 2002 and acted successively as Principal of the Cost and Strategy Office, Head of the Logistics Finance Department, Head of the Production Research Finance Department, Deputy Head of the Finance Management Department and Deputy Chief of the Finance Management Department from 2002 to January 2018. From January to July 2018, she was Chief of Finance Management Department. She has been Executive Vice President and Chief Financial Officer of the Issuer since July 2018. Ms. Li has many years of experience in finance and the operation and management of the telecommunication industry.

Mr. Xie Junshi (謝峻石), born in 1975, graduated from Tsinghua University in 1998 with a bachelor's degree in engineering majoring in engineering mechanics and further obtained a master's degree in engineering majoring in fluid mechanics in 2001, also from Tsinghua University. Mr. Xie joined the Issuer in 2001 and had successively served as the Issuer's Technology Manager (International Markets), Regional Business Technology Manager (Europe and South Asia) and Regional Deputy General Manager (Europe and North America) and Regional Deputy General Manager (Europe) from 2001 to 2013. From 2014 to July 2018, he was the Issuer's General Manager (Europe and America) for MKT and Solutions. He was Senior Vice President and Chief Operating Officer from July 2018 to September 2019. Since September 2019, he has been Executive Vice President and Chief Operating Officer of the Issuer. Mr. Xie has many years of experience in the operation and management of the telecommunication industry.

Mr. Ding Jianzhong (丁建中), born in 1976, holds a master's degree in management and is a certified public accountant of the PRC and an Associate Member of China Certified Tax Agents Association. Mr. Ding joined the Issuer in 2003. From 2003 to March 2019, he had served successively as: Financial Principal of the Business Department, Principal of the Cost and Strategy Office, Financial Principal of the Engineering Service Operation Department, Deputy Head of the Engineering Business Department, Deputy Chief of the Business Centre, Head of Financial Division II under the Financial Management Department, Head of Supply Chain Procurement Division III and Chief of Work Outsourcing Division under the Engineering Service Operation Department. He has been Chief of the Securities Department under the Finance Department of the Issuer since April 2019, Secretary to the Board of the Issuer since July 2019 and Company Secretary since November 2019. Mr. Ding has many years of experience in finance and operation and management in the telecommunication industry.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2024, as far as is known to any Directors, the following shareholders had interests or short positions in the Ordinary Shares or underlying shares which shall be disclosed to the Issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”) or recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity	Number of shares held	Shareholding as an approximate percentage of ⁽¹⁾ :	
			Total share capital	Class shares
Zhongxingxin	Beneficial owner	958,940,400 A shares (L)	20.05% (L)	23.81% (L)
Zhongxing WXT.	Interests of corporate controlled by you	958,940,400 A shares (L)	20.05% (L)	23.81% (L)
Xi'an Microelectronics . . .	Interests of corporate controlled by you	958,940,400 A shares (L)	20.05% (L)	23.81% (L)
China Aerospace Electronics Technology Research Institute	Interests of corporate controlled by you	958,940,400 A shares (L)	20.05% (L)	23.81% (L)
China Aerospace Science and Technology Corporation	Interests of corporate controlled by you	958,940,400 A shares (L)	20.05% (L)	23.81% (L)
JPMorgan Chase & Co. . . .	Beneficial owner, investment manager, holder of assured entitlements to shares, approved lending agent	40,433,384 H shares (L) 9,601,588 H shares (S) 16,035,781 H shares (P)	0.85% (L) 0.20% (S) 0.34% (P)	5.35% (L) 1.27% (S) 2.12% (P)
Capital Research and Management Company .	Investment manager	38,410,000 H shares (L)	0.80% (L)	5.08% (L)

(L) — Long position; (S) — Short position; (P) — Lending pool

Note:

- (1) Shareholdings as percentage of total share capital and relevant class of shares was calculated on the basis of the Issuer's total share capital of 4,783,534,887 shares, comprising 4,028,032,353 A shares and 755,502,534 H shares, as at 31 December 2024.

DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS

As at 31 December 2024, the interests of the Issuer's current directors, supervisors and senior management and those who vacated office during the year ended 31 December 2024 in the Issuer's shares that is required to be recorded in the register to be kept under Section 352 of the SFO, or otherwise notified to the Issuer and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, were as follows:

Name	Title (Status of office as at 31 December 2024)	Number of shares held at the beginning of the year	Number of shares acquired during the year	Number of shares disposed of during the year	Number of shares held at the end of year	As a percentage of:	
						Total share capital	Class A shares
Xu Ziyang	Director and President (Incumbent)	168,000	—	—	168,000	0.0035%	0.0042%
Xie Daxiong ⁽³⁾	Chairman of the Supervisory Committee (Incumbent)	279,103	—	69,700	209,403	0.0044%	0.0052%
Xia Xiaoyue	Supervisor (Incumbent)	50,927	—	—	50,927	0.0011%	0.0013%
Wang Xiyu	Executive Vice President (Incumbent)	139,034	—	—	139,034	0.0029%	0.0035%
Li Ying	Executive Vice President and Chief Financial Officer (Incumbent)	95,500	—	—	95,500	0.0020%	0.0024%
Xie Junshi	Executive Vice President (Incumbent)	112,468	—	—	112,468	0.0024%	0.0028%
Ding Jianzhong . . .	Secretary to the Board of Directors (Incumbent)	33,160	—	—	33,160	0.0007%	0.0008%

Notes:

- (1) All shareholdings in the Issuer held by the Directors, Supervisors and senior management of the Issuer were A shares and no H shares were held by them.
- (2) The Directors, Supervisors and senior management of the Issuer did not hold any equity interests in the subsidiaries of the Company.
- (3) During the year ended 31 December 2024, Mr. Xie Daxiong disposed of 69,700 A shares in the Issuer.

DESCRIPTION OF THE SHARES

The following information is a summary of certain provisions of the Articles of Association and certain other information concerning the Issuer. These statements are only a summary and qualified in their entirety by reference to the full Articles of Association and Company Law of the People's Republic of China. Any provision of the Articles of Association may be varied by special resolution passed at a general meeting of shareholders of the Issuer as approved by the relevant competent authority according to the applicable laws and rules.

GENERAL

The Issuer was established as a joint stock limited company in the PRC on 11 November 1997 in accordance with the provisions set out in the Company Law. The A Shares of the Issuer were listed on The Shenzhen Stock Exchange on 18 November 1997 and the H Shares of the Issuer were listed on the Hong Kong Stock Exchange on 9 December 2004.

SHARE CAPITAL

As of the date of this Offering Circular, the total share capital of the Issuer was 4,783,534,887 shares with a par value of RMB1.00 each, which can be categorised as follows:

<u>Description of Shares</u>	<u>Number of shares</u>	<u>Approximate percentage of the total share capital</u>
Domestic shares (A Shares)	4,028,032,353	84.2%
Overseas listed foreign shares (H Shares).	755,502,534	15.8%
Total	4,783,534,887	100.0%

RANKING

Both holders of H Shares and A Shares are regarded as holders of ordinary shares under the Articles of Association and shall enjoy and bear the same rights and obligations.

ISSUER OF SHARES

The Issuer may, based on its operational and development requirements, increase its capital in accordance with the relevant provisions of the Articles of Association. The Issuer may increase its capital by the following methods: (i) by public share offering (ii) by non-public share offering; (iii) by allotting bonus shares to existing shareholders; (iv) by capital increase by conversion from common reserve funds; and (v) by any other means permitted by laws and administrative regulations as well as upon the approval of the CSRC.

The increase of capital of the Issuer by way of issuing new shares shall be carried out in accordance with the procedures provided for in relevant laws and administrative regulations and after having been approved in accordance with the Articles of Association.

DIVIDENDS

According to the Articles of Association, the accumulated profit to be distributed in cash for any three consecutive years shall not be less than 30% of the average annual distributable profit realised in the three years, provided that the annual distributable profits

of the Issuer (namely profits after tax of the Company after making up for losses and allocations for reserve funds) are positive in value and such distributions are in compliance with the prevailing laws and regulations. The annual dividends shall be passed by shareholders in general meeting, and the amount of dividends to be distributed shall be proposed by the board of directors of the Issuer.

The Issuer shall appoint recipient agents on behalf of the shareholders of overseas listed foreign shares. Recipient agents shall receive on behalf of the relevant shareholders dividends distributed and other monies payable by the Issuer in respect of the overseas listed foreign shares. The receiving agent appointed by the Issuer shall comply with the laws and the requirements of the stock exchange where the shares of the Issuer are listed. The receiving agent appointed by the Issuer on behalf of holders of H Shares shall be a trust company registered in accordance with the Trustee Ordinance of Hong Kong.

Dividends or other distributions of the Issuer shall be declared and calculated in Renminbi. Where the Issuer makes payment to holders of foreign investment shares in foreign currency, the foreign currency shall be arranged in accordance with the relevant state foreign exchange regulations. When distributing dividends, the Issuer shall withhold on behalf of the shareholders the tax payable on dividend income in accordance with PRC tax law.

SHAREHOLDERS' GENERAL MEETINGS

Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be convened once every year and shall be held within six months after the end of the preceding accounting year.

Upon the occurrence of any of the following events, the board of directors shall convene an extraordinary general meeting within two months thereof:

- (i) the number of directors falls short of the minimum number required by the Company Law or is less than two-thirds of the number required by the Articles of Association;
- (ii) the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (iii) upon request by shareholder(s) holding not less than 10% of the Issuer's issued and outstanding voting shares request(s) in writing for an extraordinary general meeting to be convened;
- (iv) it is deemed necessary by the board of directors or the audit committee so requests;
- (v) upon request by a majority of the independent non-executive directors of the Issuer; and
- (vi) any other circumstances required by the laws, administrative regulations, departmental rules and the Articles of Association.

When the Issuer convenes an annual general meeting, a written notice to notify all registered shareholders must be given no later than 20 days before the meeting; when the Issuer convenes an extraordinary general meeting, a written notice to notify all registered

shareholders must be given no later than 15 days before the meeting. Such notice shall contain the matters to be considered at the meeting as well as the date and venue of the meeting.

When the general meeting is held, the shareholders alone or in aggregate holding more than 1% of the Issuer's shares shall have the right to put forward a proposal in writing to the Issuer 10 days prior to the general meeting, and the Issuer shall incorporate those matters in the proposal which fall within the scope of the duties of the general meeting into the agenda of such meeting.

TERMS AND CONDITIONS OF THE 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 RMB3,584 million in aggregate principal amount of U.S. dollar settled zero coupon convertible bonds due 2030 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 (*Further Issues*) and consolidated and forming a single series therewith) of ZTE Corporation (中興通訊股份有限公司) (the “**Issuer**”) and the right of conversion into H Shares (as defined in Condition 5.1.5 (*Meaning of “Shares”*)) 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 March 2025 and resolutions of the board of directors of the Issuer passed on 27 July 2025. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated on or about 5 August 2025 (the “**Issue Date**”) and made between the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which term shall, where the context so permits, include all successor trustee and other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for itself and 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**”) dated on or about 5 August 2025 with the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any additional or successor principal paying agent appointed from time to time in connection with the Bonds), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as conversion agent (the “**Conversion Agent**”, which expression shall include any successor conversion agent appointed from time to time in connection with the Bonds, and together with the Principal Paying Agent, the “**Principal Agent**”), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), 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 (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the Agency Agreement (i) are available for inspection at all reasonable times during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the specified office of the Principal Agent, being at the date of the Trust Deed at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and (ii) may be provided by email to any Bondholder, in each case, following prior written request and proof of holding and identity satisfactory to the Principal Agent. The Bondholders (as defined in Condition 1.3 (*Title*)) 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 applicable to them.

All capitalised terms that are not defined in these 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 (*Negative Pledge*)) 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 (*Negative Pledge*), 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 (each, an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) 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 (*Registration and Transfers of Bonds; Issue of Certificates*). 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 Hong Kong and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, 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 (*Restricted Transfer Periods*) and 2.6 (*Regulations*) 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 and any other evidence as the Registrar or any Transfer Agent may require. 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 and procedures 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 in the Global Certificate, 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 (*Delivery of New Certificates*), “**business day**” shall mean a day other than a Saturday or Sunday or public holiday on which commercial banks are generally 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 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 or the relevant Transfer Agent (as the case may be) being satisfied with the documents of title and/or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the Regulations (as defined in Condition 2.6 (*Regulations*) below) have been complied with.

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 amount pursuant to these Conditions (including any date of redemption pursuant to Condition 7.2 (*Redemption at the Option of the Issuer*) and Condition 7.3 (*Redemption for Taxation Reasons*)); (ii) after a Conversion Notice (as defined in Condition 5.2.1 (*Conversion Notice*)) has been delivered with respect to such Bond or (iii) after a Put Option Notice (as defined in Condition 7.4 (*Redemption at the Option of the Bondholders*)) has been deposited in respect of such Bond (iv) after a Relevant Event Put Exercise Notice (as defined in Condition 7.5 (*Redemption for Relevant Events*)) 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, the initial form of which is scheduled to the Agency Agreement (the “**Regulations**”). The Regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (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 (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) 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 Relevant Indebtedness (as defined below) or to secure any guarantee or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as 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 (the “**Foreign Debt Registration**”) pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013 as amended from time to time (the “**Foreign Debt Registration Measures**”) and if applicable, 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**”), (ii) use its best endeavours 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 Measures, 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 the relevant prescribed timeframes after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds and comply with other reporting obligations in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the “**Order 56**”) issued by the NDRC and effective from 10 February 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, including but not limited to, the Initial NDRC Post-Issuance Filing (as defined below).

3.4 CSRC Post-Issuance Filings

The Issuer undertakes to file or cause to be filed with the CSRC (as defined below) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined below) (the “**CSRC Post-Issuance Filings**”, which term for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined below)) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

3.5 Notification of Submission of the Initial NDRC Post-Issuance Filing and the Initial CSRC Post-Issuance Filing and the completion of the Foreign Debt Registration

The Issuer shall:

- 3.5.1 file or cause to be filed (i) the Initial NDRC Post-Issuance Filing with the NDRC or its competent local counterpart of the information and documents relating to the issue of the Bonds that are required to be filed in accordance with Order 56 within ten Registration Business Days after the Issue Date (the “**Initial NDRC Post-Issuance Filing**”) and (ii) the CSRC Filing Report and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three Registration Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”); and
- 3.5.2 on or before the Registration Deadline and within ten Registration Business Days after the latest of (i) the submission of the Initial NDRC Post-Issuance Reporting, (ii) the submission of the Initial CSRC Post-Issuance Filing, and (iii) 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 (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory (as defined in the Trust Deed) confirming the submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing, the completion of the Foreign Debt Registration; and (B) copies of the relevant documents evidencing the submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing and the completion of Foreign Debt Registration, each certified in English as a true and complete copy of the original by an Authorised Signatory (the items specified in (A) and (B) together, the “**Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16 (*Notices*)) confirming the submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance 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 Initial NDRC Post-Issuance Filing or the Initial CSRC Post-Issuance Filing is submitted or the Foreign Debt Registration is submitted or completed within the timeframe specified in Condition 3.2 (*Undertakings Relating to Foreign Debt Registration*), Condition 3.3 (*Notification to NDRC*) and Condition 3.4 (*CSRC Post-Issuance Filings*), respectively, or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Initial NDRC Post-Issuance Filing, the Initial CSRC Post-Issuance 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 Initial NDRC Post-Issuance Filing, the Initial CSRC Post-Issuance Filing or the Foreign Debt Registration or to give notice to the Bondholders confirming the completion of the Initial NDRC Post-Issuance Filing, the Initial CSRC Post-Issuance Filing and the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

3.6 Financial Statements

So long as any Bond remains outstanding the Issuer shall provide (A) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of a request by the Trustee and at the time of the provision of the Audited Financial Reports; (B) as soon as practicable after their date of publication and in any event not more than 120 days after the end of each Relevant Period, a copy of the Audited Financial Reports (audited by a nationally recognised firm of independent accountants) prepared and presented in accordance with PRC Accounting Standards; and (C) as soon as practicable after their date of publication and in any event not more than 90 days after the end of each Relevant Period, a copy of the Unaudited Financial Reports prepared and presented on a basis consistent with the Audited Financial Reports, and if any such financial reports referred to in this sub-paragraph shall be in the Chinese language, together with an English language translation of the same translated by (x) an internationally recognised firm of independent accountants or (y) a professional translation service provider and checked by an internationally recognised firm of independent accountants, together with a certificate signed by any Authorised Signatory certifying that such translation is complete and accurate, provided that, if at any time the capital stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may furnish to the Trustee, as soon as they are available, but in any event not more than 30 days after any financial reports of the Issuer is filed with such recognised stock exchange on which the Issuer's capital stock is at such time listed for trading, copies of such financial report filed with such exchange in lieu of the reports identified in this sub-paragraph (and if the same are not in the English language, together with an English translation of the same translated by (x) an internationally recognised firm of independent accountants or (y) a professional translation service provider and checked by an internationally recognised firm of independent accountants, together with a certificate in English signed by any Authorised Signatory certifying that such translation is complete and accurate).

3.7 Definitions

For the purposes of these Conditions:

“Audited Financial Reports” means the annual audited consolidated statement of financial position, statement of profit or loss, statement of cash flows of the Issuer and its consolidated Subsidiaries and statement of changes in owners’ equity of the Issuer together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them;

“Compliance Certificate” means a certificate of the Issuer in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory certifying that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer, as at a date (the **“Certification Date”**) not more than five days before the date of the certificate:

- (a) no Event of Default or Potential Event of Default (as defined in the Trust deed) had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (b) the Issuer has complied with all its respective obligations under the Trust Deed and the Bonds or, if any non-compliance had occurred, giving details of it;

“CSRC” means the China Securities Regulatory Commission;

“CSRC Filing Report” means the filing report of the Issuer in relation to the issuance of the Bonds which will be submitted to the CSRC within three Registration Business Days after the Issue Date pursuant to Articles 13 and 16 of the CSRC Filing Rules;

“CSRC Filing Rules” means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023 and became effective on 1st March 2023, as amended, supplemented or otherwise modified from time to time;

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

“NDRC” means the National Development and Reform Commission of the PRC;

“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 shall for the purpose of these Conditions only, 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;

“Relevant Indebtedness” means any present or future indebtedness having a maturity of not less than one year 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, but shall not include any future or present indebtedness denominated in RMB and offered or sold in the PRC;

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

“Subsidiary” or **“subsidiary”** means in relation to any person, (i) 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; and

“Unaudited Financial Reports” means the semi-annual unaudited and unreviewed consolidated statement of financial position, statement of profit or loss, statement of cash flows of the Issuer and its consolidated Subsidiaries and statements of changes in owners’ equity of the Issuer together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes attached to or intended to be read with any of them, if any.

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 two 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 twelve 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, 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.

Subject to and upon compliance with these Conditions, 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 dividing the principal amount of the Bond to be converted (translated into HK dollars at the fixed rate of RMB0.9133 = HK\$1.00) (the “**Fixed Exchange Rate**”) by the Conversion Price (as defined in Condition 5.1.3 (*Conversion Price*)) in effect on the Conversion Date (as defined in Condition 5.2.1 (*Conversion Notice*)). 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 by the same holder, 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 (*Revival and/or survival after Default*)), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the 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 seven working days prior to the Maturity Date (as defined in Condition 7.1 (*Maturity*)) (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 seven working days (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 (*Redemption at the Option of the Bondholders*) or Condition 7.5 (*Redemption for Relevant Events*) 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**”).

In accordance with the below paragraphs, exercise of Conversion Rights is restricted in relation to any Bond during the period (i) commencing, for an annual shareholders’ general meeting of the Issuer, on the date falling 20 days prior to that meeting, or, for an extraordinary shareholders’ general meeting of the Issuer, on the date falling 15 days prior to that meeting and

ending on the date of that meeting; or (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 (a “**Restricted Conversion Period**”). The Issuer will give notice of any such Restricted Conversion Period to the Bondholders, the Trustee and the Agents not less than five working days prior to the commencement of any such Restricted Conversion Period.

If the Conversion Date in respect of a Bond would otherwise fall during a Restricted Conversion Period, such Conversion Date shall be postponed to the first H Share Stock Exchange Business Day (as defined in Condition 5.8 (*Definitions*)) following the expiry of such Restricted Conversion Period.

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

For the purpose of this Condition 5.1.1 (*Conversion Right and Conversion Period*), “**working day**” means a day other than a Saturday, Sunday or a public holiday on which commercial banks and foreign exchange markets are generally open for business in the city which the specified office of each of the Principal Agent and the Registrar is located, respectively.

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 at any one time such that H Shares to be issued on conversion are to be registered in the same name, the number of such H Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of 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 28 July 2025 which reduces the number of H Shares outstanding, the Issuer will upon conversion of Bonds pay 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 and mailed directly 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) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 5.1.1 (*Conversion Right and Conversion Period*), as corresponds to any fraction of an H Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds U.S.\$10.00 (which shall be determined using the Prevailing Rate on the Conversion Date).

- 5.1.3 *Conversion Price*: The price at which H Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$30.25 per H Share but will be subject to adjustment in the manner provided in Condition 5.3 (*Adjustments to Conversion Price*).
- 5.1.4 *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 5.1.1 (*Conversion Right and Conversion Period*), 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 (*Events of Default*) or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 7.1 (*Maturity*), 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 (*Notices*) and, notwithstanding the provisions of Condition 5.1.1 (*Conversion Right and Conversion Period*), 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 “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 listed on the Hong Kong Stock Exchange; (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.

5.2 Conversion Procedure

5.2.1 *Conversion Notice:*

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during its usual business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time), Monday to Friday except for public holidays on which commercial banks are generally 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.

If such delivery is made after 3.00 p.m. (Hong Kong time) 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 H Share Stock Exchange 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 immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such certificate and/or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right.

5.2.2 *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 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 (*Stamp Duty etc.*) 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 none of them shall be responsible or liable for any failure by the Issuer or any Bondholder to pay any such amount.

5.2.3 Registration:

- (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 Days that fall within a Restricted Conversion Period) after the Conversion 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 (*Conversion Notice*) and 5.2.2 (*Stamp Duty etc.*), register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of H Shares in the Issuer's H share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong ("CCASS"), 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 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) notified to Bondholders in accordance with Condition 16 (*Notices*) 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 or persons 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 or persons 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 or they are registered as such in the Issuer's register of members for H shares (the "**Registration Date**"). 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 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.

- (iii) If (A) the Registration Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 5.3 (*Adjustments to Conversion Price*), 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 H Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of 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 made and become effective on or immediately prior to the relevant Conversion Date and in such event and in respect of such Additional H Shares, references in this Condition 5.2.3(iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

5.3 Adjustments to Conversion Price

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

- 5.3.1 **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 the alteration takes effect.

5.3.2 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.

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; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

- (ii) In the case of an issue of H Shares by way of a Scrip Dividend where the aggregate value of such H Shares by way of a Scrip Dividend as determined by reference to the Current Market Price on the date of announcement of the terms of such Scrip Dividend multiplied by the number of such H Shares issued exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof (in respect of the H Shares) 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 H Shares immediately before such issue;
- 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 in respect of the H Shares 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 in respect of the H Shares; and
- C is the aggregate nominal amount of such H Shares issued by way of such Scrip Dividend,

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

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

5.3.3 Capital Distributions: If and whenever the Issuer shall pay or make any Capital Distribution to the holders of H Shares (except to the extent that the Conversion Price falls to be adjusted under Condition 5.3.2 (*Capitalisation of Profits or Reserves*) 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 Current Market Price per H Share on the date on which the Capital Distribution is first publicly announced; and

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

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. 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 (*Definitions*))) be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 5.3.3 (*Capital Distributions*), such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (i) any consolidation or subdivision of the H Shares, (ii) issues of H Shares by way of capitalisation of profits or reserves, or any like or similar event, (iii) the modification of any rights to dividends of H Shares or (iv) any change in the fiscal year of the Issuer.

5.3.4 **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, 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 such announcement;

B₁ 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 per Ordinary Share of the class;

B₂ 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 per Ordinary Share of the class;

C₁ is the aggregate number of Ordinary Shares of one class issued or, as the case may be, comprised in the issue or grant; and

C₂ where applicable, is the aggregate number of Ordinary Shares of a second class issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of H Shares shall prevail.

5.3.5 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 aggregate Ordinary Shares of all classes in issue multiplied by their respective Current Market Price per Ordinary Share on the date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value of the aggregate securities, rights, options or warrants (as the case may be) attributable to the Ordinary Shares.

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 set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be, provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail. 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 (*Definitions*))) be determined as

at the date on which the terms of such issue or grant is first publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Ordinary Shares in relation to such issue or grant is capable of being determined as provided herein.

5.3.6 Issues at Less than Current Market Price: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 5.3.4 (*Rights Issues of Shares or Options over Shares*) above) any Ordinary Shares (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 (*Rights Issues of Shares or Options over Shares*) above) 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, 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 issue of such additional Ordinary Shares of such class or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such class;
- B₁ 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 the Current Market Price per Ordinary Share of such class;
- B₂ 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 the Current Market Price per Ordinary Share of such class;
- C₁ 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
- C₂ 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.

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; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

5.3.7 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 (*Other Issues at less than Current Market Price*), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 5.3.4 (*Rights Issues of Shares or Options over Shares*), Condition 5.3.5 (*Rights Issues of Other Securities*) or Condition 5.3.6 (*Issues at Less than Current Market Price*)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds, which shall be deemed to exclude any further bonds issued pursuant to Condition 15 (*Further Issues*)) 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, 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 such issue;
- B₁ 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 per Ordinary Share of such class;

- B₂ 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 per Ordinary Share of such class;
- C₁ 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
- C₂ 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.

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

- 5.3.8 **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 as are mentioned in Condition 5.3.7 (*Other Issues at less than Current Market Price*) (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 the first public announcement of the proposals for such modifications, 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 aggregate number of Ordinary Shares of all classes in issue multiplied by their respective Current Market Price per Ordinary Share on the date on which such modification is publicly announced; and
- B is the difference between the Fair Market Value of the modification aggregated across all Ordinary Shares of all classes in issue on the date of such announcement and the aggregate consideration received for the modification.

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

5.3.9 **Other Offers to Ordinary Shareholders:** In respect of H 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 holders of H Shares 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 (*Rights Issues of Shares or Options over Shares*), Condition 5.3.5 (*Rights Issues of Other Securities*), Condition 5.3.6 (*Issues at Less than Current Market Price*) or Condition 5.3.7 (*Other Issues at less than Current Market Price*)), 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 Current Market Price per H Share on the date on which the terms of such issue, sale or distribution of securities are first publicly announced; and

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

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 upon which the Fair Market Value of the relevant securities is capable of being determined as provided herein. 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 (*Definitions*))) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Ordinary Shares is capable of being determined as provided herein.

5.3.10 **Other Events:** If the Issuer determines, in its sole discretion, 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 (*Adjustments to Conversion Price*), the Issuer shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination, *provided that* where the events or circumstances giving rise to any adjustment pursuant to this Condition 5.3 (*Adjustments to*

Conversion Price) 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 (*Adjustments to Conversion Price*) as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Ordinary Share value of any such adjustment shall not exceed the per Ordinary Share value of the dilution in the Ordinary Shareholders' interest in the Issuer's equity caused by such events or circumstances.

- 5.3.11 **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 (*Adjustments to Conversion Price*) 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.

5.4 Undertakings

- 5.4.1 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 commercially reasonable endeavours (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, having used such endeavours, is unable to obtain or maintain such listing, to instead use all reasonable endeavours 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 (*Notices*) of the listing or delisting of the H Shares (as a class) by any of 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 (*Stamp Duty etc.*));
 - (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 all or any part of the corporate action(s) comprising the reduction results in an adjustment to the Conversion Price then in effect or would otherwise be taken into account for the purposes of determining whether such an adjustment should be made pursuant to Condition 5;

- (iv) it will use all commercially reasonable endeavours to maintain the listing of the Bonds on the Hong Kong Stock Exchange.

5.4.2 In the Trust Deed, the Issuer has undertaken with the Trustee, *inter alia*, 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 it has the ability to issue free from pre-emptive or other similar rights such number of H Shares on exercise of any Conversion Right 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.

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

5.5 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 (*Notices*) 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.

5.6 Adjustment upon Change of Control

If a Change of Control (as defined in Condition 7.5.5(ii)) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the "**Change of Control Notice**") in accordance with Condition 16 (*Notices*) and to the Trustee and the Agents in writing within 14 days after it becomes aware of such Change of Control. 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 occurrence of 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 shall be adjusted in accordance with the following formula:

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

Where:

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP for the purposes of this Condition 5.6 (*Adjustment upon Change of Control*) shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 5.6 (*Adjustment upon Change of Control*);

Conversion Premium (“CP”) = 22 per cent. expressed as a fraction;

c = the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

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

provided that the Conversion Price shall not be reduced pursuant to this Condition 5.6 (*Adjustment upon Change of Control*) below the level permitted by applicable laws and regulations from time to time (if any).

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.

On the H Share Stock Exchange Business Day immediately following the last day of the Change of Control Conversion Period, the Conversion Price shall be re-adjusted to the Conversion Price in force immediately before the adjustment to the Conversion Price during the Change of Control Conversion Period.

5.7 Provisions Relating to Changes in Conversion Price

5.7.1 *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 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 (*Notices*) and to the Trustee and the Agents in writing, in each case promptly after the determination thereof.

- 5.7.2 *Decision of an Independent Financial Advisor*: If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 5.3 (*Adjustments to Conversion Price*) or Condition 5.6 (*Adjustment upon Change of Control*) should be made, and following consultation between the Issuer and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per H Share value of any such adjustment shall not exceed the per H Share value of the dilution in the shareholders' interest in the Issuer's equity caused by such events or circumstances.
- 5.7.3 *Minimum Conversion Price*: Notwithstanding the provisions of this Condition 5 (*Conversion*), 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.
- 5.7.4 *Reference to "fixed"*: Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- 5.7.5 *Multiple Events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.
- 5.7.6 *Upward/Downward Adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the H Shares as referred to in Condition 5.3.1 (*Consolidation, Subdivision or Re-classification*). The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 16 (*Notices*), reduce the Conversion Price, subject to Condition 5.7.3 (*Minimum Conversion Price*).

5.7.7 *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/or any adjustments to it, or any determinations, advice or opinions made or given in connection therewith 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.

5.7.8 *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 Hong Kong Stock Exchange 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 issue or grant of Share Scheme Options (which, but for this provision, would have required adjustment pursuant to Condition 5 (*Conversion*)) 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 two 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 (*Adjustments to Conversion Price*).

5.7.9 *Consideration Receivable*: For the purpose of any calculation of the consideration receivable or price pursuant to Condition 5.3.4 (*Rights Issues of Shares or Options over Shares*), Condition 5.3.6 (*Issues at Less than Current Market Price*), Condition 5.3.7 (*Other Issues at less than Current Market Price*) and Condition 5.3.8 (*Modification of Rights of Conversion etc.*), 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 date of the announcement of the terms of issue or modification of such securities, 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 5.7.9 (*Consideration Receivable*) (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 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;
- (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 at the Prevailing Rate as aforesaid) by the aggregate number of Ordinary Shares so issued; and
- (vii) neither the Trustee nor the Agents shall be under any duty to determine, calculate or verify any entitlement of any Bondholder to any amount payable upon or following the exercise of any Conversion Right and none of them will be responsible or liable to any Bondholder or any other person for any loss arising from any failure to do so.

5.8 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;

“**Closing Price**” means, in respect of an Ordinary Share of a class for any Trading Day, the closing market price quoted by the principal stock exchange or securities market on which the Ordinary Shares of such class are then listed, admitted to trading or quoted or dealt in and, in the case of the A Shares, shall (unless otherwise determined at the relevant time) mean the Shenzhen Stock Exchange and, in the case of the H Shares, shall (unless otherwise determined at the relevant time) mean the Hong Kong Stock Exchange;

“**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 20 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:

- (A) for the purposes of determining the Current Market Price pursuant to Conditions 5.3.4 (*Rights Issues of Shares or Options over Shares*) or 5.3.6 (*Issues at Less than Current Market Price*) in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said 20 Trading Day-period (which may be on each of such 20 Trading Days) the Ordinary Shares of such class shall have been quoted ex-dividend (or ex-any other entitlement) and/or during some other part of that period (which may be on each of such 20 Trading Days) the Ordinary Shares of such class shall have been quoted 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,

- (B) for the purpose of determining the Current Market Price of any Ordinary Shares of any class which are to be issued or may be issued pursuant to a Scrip Dividend pursuant to Condition 5.3.2(ii), if on any day during the said 20 Trading Day-period the Volume Weighted Average Price of the Ordinary Shares of such class shall have been based (A) on a price cum the Relevant Cash Dividend (and/or any other dividend or other entitlement which the Ordinary Shares of such class that may be issued pursuant to terms of such Scrip Dividend do not rank for), the Volume Weighted Average Price of an Ordinary Share of such class on any such day 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 the Relevant Cash Dividend (and/or such other dividend or other entitlement) (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Ordinary Share of such class entitled to the Relevant Cash Dividend (and/or such other dividend or other entitlement) or (B) on a price ex- the Relevant Cash Dividend, the Volume Weighted Average Price of an Ordinary Share of such class on any such day shall for the purposes of this definition be deemed to be the amount thereof (x) multiplied by the sum of one and the number of Ordinary Shares of such class which are to be issued or may be issued pursuant to such Scrip Dividend per Ordinary Share of such class entitled to the Relevant Cash Dividend and (y) reduced by the Fair Market Value of the Relevant Cash Dividend (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Ordinary Share of such class entitled to the Relevant Cash Dividend; and
- (C) for any other purpose, if any day during the said 20 Trading Day-period was the ex-date in relation to any dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price cum- such dividend (or cum- such 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 other entitlement) per Ordinary Share of such class as at the date of first public announcement of the terms of such dividend (or other entitlement);

“**Capital Distribution**” means, on a per Ordinary Share basis,

- (i) any distribution of assets *in specie* by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Ordinary Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Ordinary Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 5.3.2(i) and 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 by the Issuer for any financial period (whenever paid and however described), translated into HK dollars at the Prevailing Rate as at the effective date of the relevant adjustment to the Conversion Price,

provided that 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) shall not constitute a Capital Distribution, unless the weighted average price (before expenses) on any one day in respect of such purchases exceeds 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 which case such purchase or redemption shall be deemed to constitute a Capital Distribution in an amount equal to the amount by which the aggregate consideration paid (before expenses) in respect of such Ordinary Shares purchased or redeemed exceeds the product of 105 per cent. of such Current Market Price and the number of Ordinary Shares so purchased or redeemed;

“Fair Market Value” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Financial Advisor will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of such cash Capital Distribution per Ordinary Share of the relevant class shall be the amount of such cash Capital Distribution per Ordinary Share of such class determined as at the date of announcement of such cash Capital Distribution and (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights or securities are or will upon issuance be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor), the fair market value of such options, warrants or other rights or securities shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights or securities during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights or securities are publicly traded. Such amounts, if expressed in a currency other than HK dollars shall be translated into HK dollars (a) in the case of any cash Capital Distribution, at the average benchmark exchange rate between Renminbi and HK dollars expressed to be used in respect of such cash Capital Distribution and (b) in any other case at the Prevailing Rate on such date. In addition, in the case of provisos (i) and (ii) above of this definition, the Fair Market Value shall be determined 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) 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 or about 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 or about 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;

“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, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information;

“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 and which would not have constituted a Capital Distribution (and for the avoidance of doubt, no adjustment is to be made under Condition 5.3.3 (*Capital Distributions*) in respect of the amount by which the Current Market Price of the Ordinary Shares exceeds the Relevant Cash Dividend or the relevant part thereof but without prejudice to any adjustment required in such circumstances to be made under Condition 5.3.2 (*Capitalisation of Profits or Reserves*));

“Shenzhen Stock Exchange” means The Shenzhen Stock Exchange;

“Trading Day” means in respect of an Ordinary Share of a class, a day when the principal stock exchange of such Ordinary Share is open for dealing business and, in the case of the A Shares, shall (unless otherwise determined at the relevant time) mean the Shenzhen Stock Exchange and, in the case of the H Shares, shall (unless otherwise determined at the relevant time) mean the Hong Kong Stock Exchange; provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

“Volume Weighted Average Price” means, in relation to an H Share for any H Share Stock Exchange Business Day, the order book volume-weighted average price of an H Share for such H Share Stock Exchange Business Day appearing on or derived from Bloomberg screen page “763 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined in good faith and in a commercially reasonable manner, using a volume-weighted average method, to be appropriate by an Independent Financial Advisor, provided that for any H Share Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an H Share in respect of such H Share Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding H Share Stock Exchange Business Day on which the same can be so determined.

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 recognised 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 Issuer. The Issuer shall notify the Trustee and the Principal Agent such U.S. Dollar Equivalent immediately after determination and in any event by no later than 5:00 p.m. (Hong Kong time) on the relevant Rate Calculation Date.

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 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 Issuer as follows:

- (a) in respect of the US dollar and Renminbi, the USD/CNH spot mid-rate of exchange, expressed as the amount of Renminbi per one US dollar, reported by the Hong Kong Treasury Markets Association, which appears on the Bloomberg page “BFIX” at approximately 12:00 p.m. (Hong Kong time) on the Rate Calculation Date, or any such other source as the Issuer 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 Issuer 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 (a) 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 6 (*Payments*), whether by the Reference Dealers (or any of them), the Issuer 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.

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 (*Conversion*), 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 directly 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 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.

*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 (*Payments*), 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 (*Payment Business Day*)) 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 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) 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 or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so).

6.7 Payment Business Day

In this Condition 6 (*Payments*), “**Payment Business Day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks and foreign exchange markets are generally 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 Rounding

When making payments to Bondholders, fraction of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

6.9 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.

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

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 the U.S. Dollar Equivalent of its outstanding principal amount on 5 August 2030 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 7.2 (*Redemption at the Option of the Issuer*) or Condition 7.3 (*Redemption for Taxation Reasons*) below (but without prejudice to Condition 9 (*Events of Default*)).

7.2 Redemption at the Option of the Issuer

The Issuer may, having given not less than 30 nor more than 60 days' notice (an “**Optional Redemption Notice**”) to the Bondholders (which notice will be irrevocable), the Trustee and the Principal Agent, redeem all but not some only of the Bonds at the U.S. Dollar Equivalent of their outstanding principal amount as at the date fixed for redemption 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 (*Further Issues*)).

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

7.2.1 Redemption under this Condition 7.2 (*Redemption at the Option of the Issuer*) may not occur within seven days of the end of a Restricted Transfer Period but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

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 (*Redemption at the Option of the Issuer*) have in any case arisen and none of them shall be liable to the Bondholders or any other person for not doing so.

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 their outstanding principal amount (the “**Tax Redemption Date**”), as at the date fixed for redemption, 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*) 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 28 July 2025, 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, 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 recognised standing, in form

and substance satisfactory to the Trustee, to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and stating that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment, 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 On the Tax Redemption Date, the Issuer shall redeem the Bonds at their outstanding principal amount as at the Tax Redemption Date, provided that redemption under this Condition 7.3 (*Redemption for Taxation Reasons*) may not occur within seven days of the end of a Restricted Transfer Period, but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

7.3.3 If the Issuer gives a notice of redemption pursuant to this Condition 7.3 (*Redemption for Taxation Reasons*), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 8 (*Taxation*) 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 (*Taxation*) 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 political subdivision or 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 28 July 2025, 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. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) 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 5 August 2028 (the "**Put Option Date**") at the U.S. Dollar Equivalent 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. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) 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 Bond may not be redeemed unless the principal amount of such Bond to be redeemed and (where not all of the Bonds held by a holder are being redeemed) the principal amount of the balance of such Bond not being redeemed are equal to an Authorised Denomination.

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(vi)), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date (as defined below) at the U.S. Dollar Equivalent of their outstanding 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. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) 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 (*Notices*). 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. A Bond may not be redeemed unless the principal amount of such Bond to be redeemed and (where not all of the Bonds held by a holder are being redeemed) the principal amount of the balance of such Bond not being redeemed are equal to an Authorised Denomination.

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 or may occur and none of them shall be liable to Bondholders or any other person for not doing so.

7.5.4 Not later than 14 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 (*Notices*)) 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 then current Conversion Price;
- (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 (*Redemption for Relevant Events*) 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 (*Redemption for Relevant Events*):

- (i) “**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;
- (ii) a “**Change of Control**” occurs when:
 - (a) any person or persons, acting together acquires control of the Issuer; or
 - (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons acting together, unless the consolidation, merger, sale or transfer will not result in any person acquiring control over the Issuer or the successor entity.
- (iii) a “**Delisting**” occurs when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be);

- (iv) an “**H Share Suspension in Trading**” means the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days;
- (v) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, 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;
- (vi) a “**Relevant Event**” means the occurrence of either (a) a Change of Control in the Issuer; (b) a Delisting or (c) an H Share Suspension in Trading; and
- (vii) “**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 (*Events of Default*) and 13 (*Enforcement*).

7.7 Cancellation

All Bonds which are repurchased, redeemed or converted or purchased by or on behalf of the Issuer 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. For the avoidance of doubt, all or any Bonds which are purchased by or on behalf of the Issuer’s Subsidiaries may be resold in any manner and at any price in compliance with relevant laws and regulations (including any applicable rules of the relevant stock exchange).

7.8 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 7 (*Redemption, Purchase and Cancellation*) will be irrevocable and will be given in accordance with Condition 16 (*Notices*) 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 principal and/or premium (if any) as at the relevant redemption date payable; (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 (*Redemption, Purchase and Cancellation*) or have any duty to verify the accuracy, content, completeness, validity and/or genuineness of any certificates, confirmations or documents in relation to or in connection to any such redemption or the exercise of any right of redemption or to require redemption 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 set-off, counterclaim, 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 28 July 2025 (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 where the withholding or deduction could be avoided by the holder or beneficial owner making a declaration of non-residence or other similar claim for exemption to the appropriate authority or any other person which such holder is legally capable and competent of making but fails to do so; or

8.1.3 (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, premium 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 (*Taxation*) 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 aggregate 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 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 (*Conversion*)) if any of the following events (each an “**Event of Default**”) has occurred:

9.1 *Non-Payment*: the Issuer fails to pay the principal or premium (if any) on any of the Bonds when due; or

9.2 *Default on Conversion*: failure by the Issuer to deliver the H Shares; or

- 9.3 *Breach of Other Obligations*: 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 *Insolvency*: 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 substantial 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 substantial 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 *Cross-Acceleration*: (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes 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 and in each case, such default continues for more than 10 days after the expiration of any grace period or extension of time for payment applicable thereto; provided that any such Event of Default shall be deemed cured and not continuing upon payment of such indebtedness, rescission of such declaration of acceleration, or waiver or with consent of the applicable lender, or (iii) the Issuer or any of its Principal 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 (*Cross-Acceleration*) have occurred equals or exceeds U.S.\$50 million or its equivalent (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 *Enforcement Proceedings*: 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 60 days; or
- 9.7 *Winding-up*: 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 substantially all 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 *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal 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 60 days; or
- 9.9 *Illegality*: 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 *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, 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 *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer or any Principal Subsidiary; or
- 9.12 *Analogues Event*: 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 (*Enforcement Proceedings*) to 9.8 (*Security Enforced*) (both inclusive) or Condition 9.11 (*Nationalisation*).

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 fulfilment 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.

- 9.13 For purposes of this Condition 9 (*Events of Default*), “**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 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 total 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;

provided that, in relation to paragraphs (i) and (ii) 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 or total 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 total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the 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; or
- (iii) 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) or (ii) above;

A certificate signed by an Authorised Signatory 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 and void unless made within 10 years (in the case of principal) and five years (in the case of 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 without limitation 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 aggregate 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 aggregate 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, premium, interest (if any) or any other amount payable in respect of the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Rights (except by unilateral and unconditional reduction in the Conversion Price) or the put options specified in Condition 7 (*Redemption, Purchase and Cancellation*) 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 including this proviso, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding and/or an Electronic Consent (as defined in the Trust Deed) 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 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 (*Taxation*) 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 steps and/or actions and/or instituting proceedings to enforce payment unless indemnified and/or secured and/or prefunded of its satisfaction and entitling the Trustee to be paid or reimbursed for any fees, costs, expenses, indemnity payments and for liabilities incurred by it, in priority to the claims of the Bondholders. The Trustee and its affiliates are 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 conclusively without liability to Bondholders or any other person 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 conclusively 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 or clarifications of any 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 or clarifications of any directions 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 be entitled to 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 Relevant Event, Event of Default or Potential Event of Default has occurred or may occur or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions and none of them shall be responsible or liable to the Issuer, the Bondholders or any other person for not doing so. Each of the

Trustee and the Agents shall be entitled to assume that no Relevant Event, Event of Default or Potential Event of Default has occurred until it has received written notice to the contrary from the Issuer.

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 Initial NDRC Post-Issuance Filing, the CSRC Post-Issuance Filings 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 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.

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 have been given on the date of delivery to such clearing system.

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 (*Enforcement*).

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, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Agency Agreement 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 and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

18.3 Waiver of Immunity

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, 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

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

PROMISE TO PAY

For value received, the Issuer promises to pay the registered holder (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on such date or dates as the same may become repayable in accordance with the Terms and Conditions, the amount payable upon redemption under the Terms and Conditions represented by the Global Certificate and (unless the Bonds represented by the certificate do not bear interest) to pay interest in respect of such Bonds 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 Terms and Conditions, in accordance with the Terms and Conditions. Each payment will be made to, or to the order of, the person whose name is entered on the register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the due date for payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate will be treated as 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 RMB1,000,000 in principal amount of Bonds.

CANCELLATION

On cancellation of any Bond represented by the Global Certificate that is required by the Terms and Conditions to be cancelled (other than upon its redemption), the Issuer acknowledges that details of such cancellation shall be entered in the records of the relevant clearing systems in accordance with the rules and procedures of Euroclear and Clearstream (or any alternative clearing system, as the case may be) and, upon any such entry being made, the principal amount of the Bonds recorded in the records of the relevant clearing systems and represented by the Global Certificate shall be reduced by the aggregate principal amount of the Bonds so cancelled.

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee of for a clearing system(s), the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated 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(s) 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.

CONVERSION

Subject to the requirements of Euroclear and Clearstream (or any alternative clearing system), the Conversion Right attaching to a Bond in respect of which the Global Certificate is issued may be exercised by the presentation thereof 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.

NOTICES

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream or any alternative clearing system, notices to be given to Bondholders may be given by their being delivered to Euroclear and Clearstream or, as the case may be, any alternative clearing system, for communication by it to accountholders entitled to an interest in the Bonds rather than by publication as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to Euroclear and Clearstream or, as the case may be, any alternative clearing system.

BONDHOLDER'S REDEMPTION

The Bondholder's redemption option in Condition 7.4 (*Redemption at the Option of the Bondholders*) and Condition 7.5 (*Redemption for Relevant Events*) may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the relevant option is exercised and presenting this Global Certificate for endorsement or exercise within the time limits specified in the Terms and Conditions of the Bonds.

Notice of exercise received within the time limits specified in the Terms and Conditions by the Principal Agent from or on behalf of a holder of a book-entry interest in the relevant Bonds will be accepted by the Issuer as having been given by the holder as to the principal amount of Bonds in respect of which it is given (but without double counting), and whether or not the Global Certificate is presented for endorsement therewith. Following the exercise of any such option, the Issuer shall procure that the principal amount of the Bonds recorded in the records of Euroclear or Clearstream (or, as the case may be, any alternative clearing system) and represented by the Global Certificate shall be reduced accordingly.

REDEMPTION AT THE OPTION OF THE ISSUER

The options of the Issuer provided for in Conditions 7.2 (*Redemption at the Option of the Issuer*) and 7.3 (*Redemption for Taxation Reasons*) 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.

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 any alternative clearing system) and their respective direct and indirect participants.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

MARKET PRICE INFORMATION

The H shares have been listed on the Hong Kong Stock Exchange (Code: 00763) since the Issuer's initial public offering on 9 December 2004. 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, have been listed on the Shenzhen Stock Exchange (Code: 000063.SZ) since 18 November 1997.

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 Share	
	High	Low	High	Low
	(HK\$)		(RMB)	
2022				
First quarter ended 31 March 31 2022	23.25	12.88	34.58	22.55
Second quarter ended 30 June 2022	18.28	14.88	25.70	21.79
Third quarter ended 30 September 2022	17.70	14.08	25.38	21.24
Fourth quarter ended 31 December 2022.	18.20	13.72	26.92	20.52
2023				
First quarter ended 31 March 31 2023	26.40	17.90	36.60	25.49
Second quarter ended 30 June 2023	31.40	22.10	45.54	31.05
Third quarter ended 30 September 2023	31.95	23.10	45.25	32.32
Fourth quarter ended 31 December 2023.	23.75	15.94	33.92	24.64
2024				
First quarter ended 31 March 31 2024	17.92	13.58	30.54	21.70
Second quarter ended 30 June 2024	18.12	14.86	28.99	26.46
Third quarter ended 30 September 2024	20.10	14.80	31.15	23.53
Fourth quarter ended 31 December 2024.	27.55	18.44	40.99	29.44
2025				
First quarter ended 31 March 31 2025	34.65	21.55	43.80	34.21
Second quarter ended 30 June 2025	24.35	19.44	35.04	30.36

EXCHANGE RATE INFORMATION

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 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 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 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. 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 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the following business day. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 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 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system 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 at the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board.

Exchange Rates between Renminbi and U.S. Dollar				
	Period End	Average⁽¹⁾	High	Low
		(RMB per U.S. \$1.00)		
2021	6.3435	6.4382	6.5716	6.3726
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0896	7.3166	6.7540
2024	7.2993	7.2993	7.2981	7.0106
2025				
January	7.2422	7.2957	7.3326	7.2422
February	7.2828	7.2734	7.3088	7.2422
March	7.2486	7.2449	7.2843	7.2273
April	7.2706	7.2968	7.3499	7.2675
May	7.1991	7.2166	7.2706	7.1798
June	7.1636	7.1804	7.1975	7.1636
July (through 18 July)	7.1776	7.1730	7.1832	7.1647

Note:

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

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds and Shares is based upon applicable laws, regulations, rulings and decisions as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. 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 and Shares, including such possible consequences under the laws of their country of citizenship, residence or domicile.

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, rules and regulations in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Income Tax

The Issuer is a high-tech enterprise provided for by the state, considered a PRC tax resident enterprise for the purpose of the PRC EIT Law and is subject to enterprise income tax at a rate of 15 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 PRC EIT Law and the PRC 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 at the rate of 10% and any non-PRC resident individual Holder at the rate of 20%, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

Under the PRC EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by non-PRC resident enterprise Holders 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 gains realised on the transfer of the Bonds are PRC-sourced for PRC tax purposes. Therefore, there is uncertainty as to whether gains realised on the transfer of the Bonds by non-PRC individual Holders will be subject to PRC individual income tax.

In addition, under the PRC 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 PRC IIT Law. 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 taxarising within the territory of the PRC.

Any PRC tax on interest (if any), redemption premium or transfers of Bonds will apply at a rate of 10 per cent. in the case of non-PRC enterprises without an establishment within the PRC or whose income has no actual connection to its establishment inside the PRC and at a rate of 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 without converting due interests into shares by non-PRC Holders is not subject to PRC income tax.

Value-added Tax

On 23 March 2016, the Ministry of Finance and the SAT issued Circular on the Comprehensively Launching of the Pilot Scheme for the Conversion of Business Tax into Value-added Tax (關於全面推開營業稅改徵增值稅試點的通知) (“**Circular 36**”) which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Bonds would be regarded as providing the financial services within the PRC and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6 per cent. for payments of interest (if any) and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals.

However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of 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.

Stamp Duty

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 or interest (if any) on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

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

Interest on the Bonds, if any, may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign sourced income and transitional matters.

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

Stamp Duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Lead Managers dated 28 July 2025 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue, and the Lead Managers has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below.

	Principal amount of the Bonds to be subscribed
	(RMB)
CLSA Limited	3,405 million
China Securities (International) Corporate Finance Company Limited	<u>179 million</u>
Total	<u>3,584 million</u>

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 Lead Managers between the date hereof and the date which is 90 days after the Closing Date except for the Bonds and the New Shares issued on conversion of the Bonds.

The Subscription Agreement provides that the Issuer will indemnify the Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Lead Managers are subject to certain conditions precedent, and entitles the Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and trade the Bonds for its or their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase

further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to offering of the Bonds should be read as including any offering of the Bonds to the Lead Managers or their respective affiliates, or affiliates of the Issuer as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds and the Shares may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds and the Shares and could adversely affect the trading price and liquidity of the Bonds and the Shares. The Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds, the Shares or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds, the Shares or other financial instruments of the Issuer.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

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

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

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

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

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

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

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code.

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

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

Underlying investor information in relation to omnibus order should be sent to: ib.equitylinked@clsa.com and syndicate@csci.hk.

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

SELLING RESTRICTIONS

General

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

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

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Lead Managers or any affiliate of the Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bond and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds or Shares to be issued upon conversion of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Lead Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity within the meaning of section 21 of the 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
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

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

Hong Kong

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

Singapore

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

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Lead Manager has represented, warranted 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

organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PRC

Each Lead Manager represents, warrants and agrees that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan), except as permitted by the applicable laws and regulations in the PRC.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The audited consolidated financial statements of the Issuer have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

GOVERNMENT GRANT

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties.

Under IFRS, government-related entities are still treated as related parties.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 314015843 and the International Securities Identification Number for the Bonds is XS3140158430. The Legal Entity Identifier (LEI) of the Issuer is 3003004FBGVVG1CW5U45.
2. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange will commence on 6 August 2025.
3. **Listing of the Shares:** Application will be made to the Hong Kong Stock Exchange for the listing of the H Shares issuable upon conversion of the Bonds on the Hong Kong Stock Exchange. It is expected that dealing in, and listing of, such H Shares on the Hong Kong Stock Exchange will commence when they are issued.
4. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was approved by the resolutions of the board of directors of the Issuer on 27 July 2025. The Shares to be issued upon conversion of the Bonds are to be issued pursuant to the general mandate to the Directors of the Issuer at its annual general meeting held on 28 March 2025.
5. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2024, in the financial or trading position, prospects or results of operations of the Group.
6. **Litigation:** From time to time, the members of the Group may be involved in litigation or other disputes that arise in the ordinary course of business. However, none of any member of the Group is currently involved in any litigation, disputes or arbitration proceedings which are material in the context of the issue of the Bonds. The Issuer is not aware of any such litigation, disputes or arbitration proceedings that are currently pending or threatened.
7. **Consolidated Financial Statements:** The consolidated financial statements of the Issuer for the years ended 31 December 2023 and 2024 are incorporated by reference in this Offering Circular, and have been audited by Ernst & Young Hua Ming LLP as stated in their reports appearing therein.

8. **Available Documents:** Copies of the latest annual reports and interim reports of the Issuer may be downloaded free of charge from the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and copies of the Articles of Association, the Trust Deed and the Agency Agreement will be made available for inspection from the Issue Date upon prior written request and proof of holding, at the Issuer's principal office in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong during normal business hours. Copies of the Trust Deed and of the Agency Agreement (i) are available for inspection at all reasonable times during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the principal office of the Principal Agent, being at the date of the Trust Deed at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and (ii) may be provided by email to any Bondholder, in each case, following prior written request and proof of holding and identity satisfactory to the Principal Agent, so long as any of the Bonds is outstanding.

REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

Registered Office

ZTE Plaza, Keji Road South
Hi-Tech Industrial Park
Nanshan District, Shenzhen, Guangdong Province
PRC

Principal Place of Business in Hong Kong

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

TRUSTEE

**China Construction Bank (Asia)
Corporation Limited**
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

PRINCIPAL PAYING AGENT, CONVERSION AGENT, REGISTRAR AND TRANSFER AGENT

**China Construction Bank (Asia)
Corporation Limited**
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

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