

## Notice on Launching the Pilot Program of “Belt and Road” Bonds

All market participants,

To implement the requirements of the 19th CPC National Congress and the overall arrangements of the *Vision and Actions on Jointly Construction Silk Road Economic Belt and 21st-Century Maritime Silk Road* (the “*Vision and Actions*”) jointly issued by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce, promote financing for “Belt and Road” projects, and allow the exchange bond market to serve the construction of “Belt and Road” projects, the Shanghai Stock Exchange (the “SSE”), in accordance with the *Securities Law*, the *Measures for the Administration of the Offering and Trading of Corporate Bonds*, the *Rules of the Shanghai Stock Exchange Governing the Listing of Corporate Bonds*, the *Interim Management Rules of the Shanghai Stock Exchange for the Non-Publicly Offered Corporate Bond Business*, and other laws, regulations, ministry-level rules, normative documents, and the applicable business rules of the SSE, as well as the overall planning of the *Vision and Action Plan of the Shanghai Stock Exchange for Serving the Construction of “Belt and Road” Projects (2018-2020)*, hereby sets out matters related to the pilot program of “Belt and Road” bonds as follows:

1. For the purposes of this *Notice*, “Belt and Road” bonds include:

(1) government bonds issued by the government agencies of “Belt and Road” countries (or regions) on the SSE;

(2) corporate bonds issued by enterprises and financial institutions from “Belt and Road” countries (or regions) on the SSE; and

(3) corporate bonds issued by domestic and foreign enterprises on the SSE to raise funds for the construction of “Belt and Road” projects

2. The arrangements for the issuance, listing, trading or transfer, and information disclosure of government bonds by the government agencies of “Belt and Road” countries (or regions) on the SSE are as follows:

(1) An issuer shall, before issuing its bond, submit to the SSE for record purposes:

(a) the approval or authorization and any other document for the issuance of the bond which comply with the laws of the issuer’s country;

(b) the prospectus for the bond, including, but not limited to, the issuance clauses, issuance arrangements, basic information on and economic and financial conditions of the issuer, information disclosure arrangements, and investor protection mechanism;

(c) the verification opinion of the lead underwriter;

(d) a legal opinion issued respectively by lawyers in China and those from the issuer’s

country (or region);

(e) any documents showing the issuer's main economic data or financial position;

(f) a credit rating report issued by a domestic credit rating agency qualified to engage in the securities-related business; and

(g) any other documents required by the SSE.

The issuer shall, prior to the issuance of each bond tranche, disclose the above documents and its issuance plan on the official website of the SSE or by any other means recognized by the SSE. The issuance plan shall specify the bond's issuance size, issuance period, issuance method, targeted investors, and pricing principles, etc.

(2) The listing and trading or transfer of government bonds on the SSE shall be governed by the *Trading Rules of the Shanghai Stock Exchange*, the *Implementing Rules of the Shanghai Stock Exchange on Bond Trading*, and other applicable business rules of the SSE.

(3) During the duration of the bond, the issuer shall, as stipulated in the prospectus, disclose its key economic data or financial position, and material events affecting its solvency, and other information from the previous year.

3. For corporate bonds issued by enterprises and financial institutions from "Belt and Road" countries (or regions) and those issued by domestic and foreign enterprises to raise funds for the construction of the "Belt and Road" projects, their issuance, listing, and trading or transfer on the SSE shall be handled by reference to the *Measures for the Administration of the Offering and Trading of Corporate Bonds*, the *Rules of the Shanghai Stock Exchange Governing the Listing of Corporate Bonds*, the *Interim Management Rules of the Shanghai Stock Exchange for the Non-Publicly Offered Corporate Bond Business*, and other applicable business rules of the SSE.

4. Proceeds raised from the issuance of corporate bonds by domestic and foreign enterprises to raise funds for the construction of the "Belt and Road" projects shall be used to invest in, construct, or operate "Belt and Road" projects, repay special loans or debts arising from such projects, or carry out business in "Belt and Road" countries (or regions). If meeting the requirements as stated above, such enterprises can use no more than 30% of such proceeds to supplement their working capital and repay bank loans.

The "Belt and Road" projects shall be those which have been identified as such by domestic development and reform authorities at the provincial level or above or other national functional agencies, or those for which an agreement between an issuer and any functional agency of the government of or any enterprise from "Belt and Road" countries (or regions) has been entered into and the necessary approvals from the relevant regulatory authorities have been obtained and that comply with the "Belt and Road" initiative.

During the duration of its bond, an issuer shall, in its periodic reports, disclose the use of the raised proceeds and the progress of "Belt and Road" projects in which such proceeds are

invested.

5. If the proceeds from issuance of a “Belt and Road” bond on the SSE involve cross-border capital flows, its issuer shall, in the prospectus, disclose the plan for the use of such proceeds, including, but not limited to, the issuance size, the plan for overseas remittance or domestic use of the proceeds, and the amount and frequency of foreign exchange purchase, and abide by rules of the relevant regulatory authorities.

6. The SSE will designate personnel to be specifically responsible for accepting and reviewing applications for listing of “Belt and Road” bonds to increase their listing efficiency.

7. The SSE will establish a board for “Belt and Road” bonds and work with securities index compilers to launch “Belt and Road” bond indices in due course to improve the investment and financing mechanism for the construction of “Belt and Road” projects.

8. The SSE encourages “Belt and Road” green and perpetual bonds and other bond products to be developed based on “Belt and Road” bonds.

9. The SSE encourages all financial institutions and their wealth management products for investors, pension funds such as social security funds and corporate annuities, social welfare funds such as charitable funds, qualified foreign institutional investors (QFIIs), and RMB qualified foreign institutional investors (RQFIIs), etc. to invest in “Belt and Road” bonds.

10. The listing and trading or transfer of asset-backed securities and other bond products for the construction of “Belt and Road” projects on the SSE shall be handled by reference to this *Notice*.

11. Matters related to the listing and trading or transfer of “Belt and Road” bonds on the SSE not covered herein shall be governed by the applicable rules of the SSE.

12. The SSE reserves the right to interpret this *Notice*.

13. This *Notice* shall be implemented as of the date of issuance.

Shanghai Stock Exchange

March 2, 2018