**Appendix**

**Guidelines No. 2 of the Shanghai Stock Exchange** **on the Application of the Rules for Publicly Offered** **Infrastructure REITs**

 **- Offering Business (for Trial Implementation)**

# Chapter I General Provisions

**Article 1** These *Guidelines* are formulated pursuant to the *Securities Law of the People’s Republic of China,* the *Guidelines on Publicly Offered Infrastructure Real Estate Investment Trusts (for Trial Implementation)* (the “*Infrastructure REITs Guidelines*”), the *Business Measures of the Shanghai Stock Exchange for Publicly Offered Infrastructure REITs (for Trial Implementation)* (the “*REITs Business Measures*”), and other applicable laws, administrative regulations, ministry-level rules, normative documents, and the relevant business rules of the Shanghai Stock Exchange (the “Exchange”) to regulate the public offering of infrastructure real estate investment trusts (the “infrastructure REITs”), enhance the accountability of market participants, maintain market order, and protect the legitimate rights and interests of investors.

**Article 2** These *Guidelines* are applicable to the roadshows, price inquiry, pricing, subscriptions, placements, follow-on offering, and information disclosure of infrastructure REITs. Matters not covered herein shall be governed, *mutatis mutandis*, by the *Guidelines of the Shanghai Stock Exchange on Listed Open-End Fund* and other rules of the Exchange.

The registration and settlement of infrastructure REITs shall be subject to applicable rules of the China Securities Depository and Clearing Corporation Limited (CSDC).

**Article 3** Where a fund manager engages a financial advisor in accordance with the *Infrastructure REITs Guidelines*, the financial advisor may act on behalf of the fund manager in the roadshows, price inquiry, pricing, placements, follow-on offering, and other matters relating to the offering of the infrastructure REIT, provided that the fund manager will not be exempted from its statutory duties.

**Article 4** Fund manager and financial advisor shall, in accordance with these *Guidelines* and other rules of the Exchange, establish and improve the risk management and internal control systems for the offering of an infrastructure REIT, strengthen management over the pricing and offering process, and prevent conflicts of interest.

Fund manager, financial advisor, service providers such as fund sales agencies, law firms, accounting firms, and asset appraisal agencies, as well as investors and other participants shall act with honesty and due diligence and strictly abide by applicable laws and regulations, rules of the Exchange, and industry standards. They shall not manipulate the issuing price or act under the table, seek illegitimate benefits or engage in tunneling through shareholding entrustment, trusts, among others, provide financial support to subscribers directly or indirectly through their respective stakeholders, or otherwise undermine fair competition or market order.

**Article 5** An infrastructure REIT shall be priced based on the bids that investors under the placing tranche submit through the Exchange’s electronic placing tranche platform. After the unit price is determined, strategic investors, investors under the placing tranche, and public investors shall subscribe the units in the way specified herein.

**Article 6** Fund manager and other agencies shall enhance investor education on the risk characteristics of infrastructure REIT, assess investor suitability, and require ordinary investors to sign a risk disclosure letter before their first subscription of the infrastructure REIT.

**Article 7** Fund manager, financial advisor, and fund sales agencies shall provide such information as the basics and valuation of an infrastructure REIT and its investment projects, market segment and industry overview, and offering plan to investors personally or through telephone, the internet, or other lawful and compliant means. They shall not induce or mislead investors through exaggeration, false advertising, or other illicit means, or disclose any information other than public information such as the prospectus.

**Article 8** Investor subscribing for an infrastructure REIT on the Exchange shall have an RMB A-share account or closed-end fund account (collectively “On-Exchange Securities Account”) opened with the CSDC Shanghai Branch.

Investor subscribing for an infrastructure REIT off the Exchange shall have an open-end fund account (“Off-Exchange Fund Account”) opened with the CSDC.

**Article 9** Fund units that an investor subscribed for using an On-Exchange Securities Account may be traded directly on the Exchange; those that an investor subscribed for using an Off-Exchange Fund Account may be traded on the Exchange under the custody of an on-exchange securities company.

**Article 10** The Exchange exercises self-regulation over the offering of infrastructure REITs and over fund managers, financial advisors, fund service providers, investors, and other participants in accordance with applicable laws and regulations, business rules, and provisions hereof.

# Chapter II Price Inquiry and Pricing

**Article 11** The initial offering price of an infrastructure REIT shall be determined by the fund manager or financial advisor based on the bids from investors under the placing tranche.

**Article 12** Investors under the placing tranche shall be securities companies, fund managers, trust companies, finance companies, insurance companies and insurance asset managers, qualified foreign institutional investors, commercial banks and their wealth management subsidiaries, policy banks, qualified private equity managers, and other professional institutional investors meeting the investor suitability requirements of the China Securities Regulatory Commission (CSRC) and the Exchange.

The National Social Security Fund (NSSF), basic pension fund (BSF), and annuities, among others, can participate in the price inquiry of an infrastructure REIT in accordance with applicable rules.

Investors under the placing tranche shall register with the Securities Association of China (SAC) in accordance with applicable rules and accept the self-regulation of SAC.

**Article 13** Upon the written request of a fund manager or financial advisor, the Exchange provides eligible investors under the placing tranche with access to the electronic placing tranche platform for bidding and subscription.

**Article 14** To conduct price inquiry, a fund manager or financial advisor shall apply to the Exchange for an issuer CA Certificate for the electronic placing tranche platform.

To participate in price inquiry, investors shall apply to the Exchange for an investor CA Certificate for the electronic placing tranche platform.

A CA Certificate can be used repeatedly during the offering of an infrastructure REIT.

**Article 15** When applying for offering an infrastructure REIT, the fund manager shall submit the following materials to the Exchange:

(1) An offering application;

(2) A copy of the CSRC approval for registration;

(3) An offering plan, specifying without limitation the price inquiry date, offering period, initial offering volume, strategic investors’ names, proposed subscription volume, and subscription method, initial offering volume for investors under the placing tranche and their eligibility and scope, roadshow and price inquiry plans, unit price range (if any), pricing method, pricing procedure, placement principles, placement method, initial offering volume for public investors, sales agencies, subscription method, and subscription fee;

(4) Relevant legal documents, including the price inquiry announcement, prospectus, fund product overview, fund contract, and custody agreement; and

(5) Other materials required by the Exchange.

**Article 16** If the Exchange has no objection to the offering application of a fund manager within five working days upon receipt thereof, the fund manager shall disclose the price inquiry announcement, prospectus, fund product overview, fund contract, custody agreement, and other relevant documents through the Exchange’s website or any other channel approved by the Exchange.

If the application materials do not meet the provisions hereof or other applicable requirements, the fund manager shall make additions and corrections in accordance with the requirements of the Exchange, the time spent on which will not be counted towards the five-day period specified in the preceding paragraph.

**Article 17** The fund manager and financial advisor of an infrastructure REIT shall define the criteria of eligible investors under the placing tranche for price inquiry, criteria of valid bids, and placement principles and method, and according to such placement principles select placees from investors under the placing tranche with valid bids.

The originator and its affiliates, fund manager, financial advisor, strategic investors, and other entities whose interests conflict with the pricing purpose are not allowed to participate in price inquiry, except for public securities investment funds managed by the fund manager or financial advisor, the NSSF, BSF, and annuities.

**Article 18** Investors under the placing tranche and their placees shall register with SAC before 12:00 noon on the trading day before the price inquiry date. The Exchange will collect information about investors under the placing tranche and their placees from SAC.

The fund manager and financial advisor shall check the eligibility of the investors against the requirements in the price inquiry announcement, and confirm the information about the proposed investors and their placees on the electronic placing tranche platform.

**Article 19** Where the price range of an infrastructure REIT needs to be determined, the fund manager and financial advisor shall determine a reasonable range according to the valuation and market conditions of the infrastructure project, and disclose it in the price inquiry announcement.

**Article 20** In principle, the price inquiry of an infrastructure REIT shall last for one trading day. Within the time specified by the Exchange, the fund manager or financial advisor shall confirm relevant information on the electronic placing tranche platform, including the fund code, name, and other price inquiry parameters, as well as the proposed placees’ names and On-Exchange Securities Accounts or Off-Exchange Fund Accounts, and shall screen out such investors and their placees’ accounts that fail to meet the requirements in these *Guidelines* and the price inquiry announcement.

**Article 21** When participating in the price inquiry, investors under the placing tranche shall submit reasonable bids in an independent, objective, and honest way based on the valuation of the infrastructure project. They shall not collude or negotiate with others to press down or push up prices, or otherwise undermine fair competition or market order.

**Article 22** During the price inquiry, each bid submitted by an investor under the placing tranche and its placees shall include a unit price and a proposed subscription volume, which shall not exceed the initial offering volume under the placing tranche, and each investor may at most submit three prices.

An investor under the placing tranche shall enter the information of all its proposed placees in a bid record and submit the record. The investor may submit several bid records, in which case the last one shall prevail.

The electronic placing tranche platform will record all the bids, which are accessible and available to the fund manager or financial advisor both in real time and after the price inquiry.

**Article 23** If the total proposed subscription volume is less than the initial offering volume under the placing tranche, the fund manager and financial advisor shall suspend the offering and announce the suspension.

The fund manager may lift the suspension within the validity period of the CSRC approval for registration.

In addition to the prescribed trigger for suspension, the fund manager and financial advisor may also agree on other triggers and disclose them in advance.

**Article 24** After the bid process is closed, the fund manager or financial advisor shall screen bids and corresponding subscription volume according to the requirements determined and announced in advance.

The fund manager and financial advisor shall then set a reasonable subscription price prudently based on the median and weighted average of all bids submitted by investors under the placing tranche, taking into account the bids of placees such as public securities investment funds, public wealth management products, social security funds, pension funds, annuity funds, insurance funds, and qualified foreign institutional investor funds.

**Article 25** If the subscription price set by the fund manager and financial advisor is higher than the lower of the median or weighted average price as described in Article 24 hereof, the fund manager and financial advisor shall make a special investment risk announcement at least five working days before the first day of subscription. The announcement shall explain why the subscription price is higher, how much the subscription price deviates from the bids of investors under the placing tranche, and shall warn investors to be wary of investment risk and make rational investment decisions.

# Chapter III Strategic Placement

**Article 26** The originator of an infrastructure project, its affiliates under common control, and professional institutional investors meeting the requirements in Article 12 hereof may participate in the strategic placement of the infrastructure REIT.

Investors participating in the strategic placement are not allowed to participate in the price inquiry, except for securities investment funds, wealth management products, and other asset management products that are lawfully created and haven’t participated in the strategic placement.

**Article 27** Professional investors participating in the strategic placement shall have good market reputation and influence, possess strong financial strength, and recognize the long-term investment value of the infrastructure REIT. The Exchange encourages the following professional investors and placees to participate in the strategic placement of an infrastructure REIT:

(1) Large enterprise or its subordinate that has a strategic cooperation or a vision for long-term cooperation with the originator;

(2) Large insurance company, large national investment fund, or their respective subordinate that intends to make long-term investments;

(3) Securities investment fund or other asset management product whose major investment strategy covers long-term, high-dividend asset classes;

(4) Professional institutional investors such as infrastructure investor, governmental special fund, and industrial investment fund that has rich experience in infrastructure investment;

(5) The originator and its relevant subsidiaries; and

(6) Special asset management plan that the originator and the directors, supervisors, and senior officers of its affiliates under common control create to participate in the strategic placement.

**Article 28** If the originator and the directors, supervisors, and senior officers of its affiliates under common control create a special asset management plan to participate in the strategic placement, the name, date of creation, amount to be raised, manager, and actual controller of the plan, as well as the names, titles, and holding percentages of participants shall be disclosed in the prospectus or price inquiry announcement.

**Article 29** The fund manager shall sign a placement agreement with strategic investors in advance.

The fund manager and financial advisor shall disclose in the prospectus and price inquiry announcement such information as the selection criteria for strategic investors, number of units allocated to them and the proportion of such units to the offering volume, lock-up period, and other arrangements.

The fund manager and financial advisor shall disclose in the offering announcement such information as the names of strategic investors, their committed subscription volume, the lock-up period, the proportion of equity initially held by the originator in the infrastructure project, and other arrangements.

The fund manager and financial advisor shall disclose in the announcement on the effectiveness of the fund contract such information as the names of selected strategic investors, their subscription volume, the lock-up period, and other arrangements.

**Article 30** Strategic investors shall not entrust or accept the entrustment of others to participate in the strategic placement of an infrastructure REIT, except for securities investment funds, public wealth management products, or other asset management products that are lawfully established for specific investment purposes, as well as the NSSF, BSF, and annuities.

**Article 31** Where the fund manager or financial advisor allocates fund units to strategic investors, it shall not engage in any direct or indirect tunneling such as promising price increases after listing, sharing underwriting expenses, and hiring associated persons.

**Article 32** The fund manager and financial advisor shall verify whether the strategic investors meet the selection criteria and placement eligibility and whether there exists any prohibited circumstance as set out in Article 30 and Article 31 hereof.

The fund manager shall prepare a verification document and engage a law firm to issue legal opinions thereon. The verification document and legal opinions shall be disclosed together with the offering announcement.

**Article 33** Before the end of the offering period, a strategic investor shall purchase fund units at its committed subscription volume and price within the agreed period. The originator participating in the strategic placement may purchase with cash or other consideration approved by the CSRC.

A strategic investor shall undertake in accordance with the *infrastructure REITs Guidelines* that it would not transfer or trade any of its units within the prescribed holding period.

# Chapter IV Subscription by Investors under the Placing Tranche and Public Investors

**Article 34** After the price inquiry of an infrastructure REIT, investors under the placing tranche and public investors shall subscribe for fund units at the subscription price set through the price inquiry.

**Article 35** The fund manager shall publish the offering announcement three days before the first day of subscription.

The offering announcement shall disclose, among others, details of the bids submitted by investors, subscription price and its determination process, start and end dates of the offering period, total offering volume, offering volume under the placing tranche, offering volume for public investors, clawback mechanism, sales agencies, subscription method, subscription fees, as well as the value and expected earnings of the infrastructure project calculated at the subscription price.

“Details of bids” mentioned in the preceding paragraph shall include the name of each investor, information of its placees, and its subscription price and corresponding subscription volume, as well as the median and weighted average of all the bids submitted by investors under the placing tranche.

**Article 36** Investors under the placing tranche and public investors shall subscribe within the offering period, which in principle shall not exceed five trading days.

**Article 37** After the subscription price per unit is finalized, investors who have submitted valid bids during the price inquiry may participate in subscription under the placing tranche.

A valid bid refers to a bid submitted by an investor under the placing tranche that is not lower than the subscription price set by the fund manager and financial advisor, and meets other requirements previously determined and announced by the fund manager and financial advisor.

**Article 38** The fund manager or financial advisor shall, before the first day of subscription, input and submit subscription-related parameters on the electronic placing tranche platform, including the finalized subscription price per unit and offering volume under the placing tranche, and shall confirm these parameters before subscription.

The offering volume under the placing tranche is determined by the fund manager and financial advisor after adjusting the initial offering volume under the placing tranche based on the pre-disclosed offering plan.

The electronic placing tranche platform will automatically remove placees’ inquiries and bids that fail to meet the requirements of Article 37 hereof and corresponding proposed subscription volume.

**Article 39** Investors under the placing tranche shall submit subscription applications to the fund manager through the electronic placing tranche platform of the Exchange. The Exchange accepts such applications between 9:00-15:00 on each trading day during the offering period.

When filling out a subscription application, an investor under the placing tranche shall indicate its subscription volume corresponding to the determined subscription price, which volume shall not be less than that provided during the price inquiry, nor be greater than the upper limit determined by the fund manager or financial advisor for each placee, or the total offering volume under the placing tranche.

The fund manager may access the subscription applications of investors under the placing tranche through the electronic placing tranche platform.

**Article 40** After submitting a subscription application, an investor under the placing tranche shall pay for its subscription through the fund manager during the offering period, and register the subscribed units with the CSDC.

**Article 41** In the price inquiry, pricing, placement, and other activities of an infrastructure REIT, the fund manager and financial advisor shall check and supervise investors under the placing tranche with due diligence, particularly on any potential violations of any prohibitions under relevant laws and regulations, SAC self-regulatory rules, and rules of the Exchange.

If any such violation by an investor under the placing tranche is detected, the fund manager or financial advisor shall invalidate and remove its bid or subscription, and report the same to the Exchange. The Exchange will make an announcement on the violation and suggest that SAC take self-regulatory measures such as blacklisting the investor.

**Article 42** Any placee participating in the price inquiry or its associated accounts shall not subscribe for any fund units offered to public investors. The fund manager shall reject any such subscription application from any investor under the placing tranche.

Placee’s associated account refers to an account that has the same “Account Name” and “Valid Identification Number” as the placee’s registered On-Exchange Securities Account or Off-Exchange Fund Account.

The above restriction does not apply to such asset management accounts for specific customers of securities companies and such corporate annuity accounts that have the same “Account Name” and “Valid Identification Number.”

**Article 43** During the offering period, public investors may subscribe for fund units through an on-exchange securities company or through the fund manager and its entrusted off-exchange sales agency.

**Article 44** Upon the expiration of the offering period, if the public subscription tranche is undersubscribed, the fund manager and financial advisor may claw back the undersubscribed part to the placing tranche. If the subscription volume for the placing tranche is less than its minimum offering volume, no fund units thereof shall be clawed back to public investors.

If the subscription volume for the placing tranche is greater than its minimum offering volume, and the valid oversubscription under the public subscription tranche records a high ratio, part of the fund units under the placing tranche may be clawed back to public investors, provided that what remains under the placing tranche shall not be less than 70% of the total volume of this offering after deducting the portion placed to strategic investors.

Before the end of the first trading day (or another designated trading day) after the expiration of the offering period, the fund manager and financial advisor shall notify the Exchange the number of units to be clawed back from the public subscription to placing tranche or vice versa and announce the same; otherwise, the fund manager and financial advisor shall make placements to the two tranches at such volume as provided in the offering announcement.

**Article 45** The fund manager and financial advisor shall select placees from investors under the placing tranche with valid bids in accordance with the predetermined placement principles. The public subscription tranche shall be placed in the same proportion or in a manner approved by the Exchange.

Before 15:00 on the first trading day (or another designated trading day) after the expiration of the offering period, the fund manager or financial advisor shall upload the placement information of selected placees, including number of units placed, placement price, placee’s On-Exchange Securities Account or Off-Exchange Fund Account, refundable subscription price, and certificate code, among others, to the electronic placing tranche platform. Placees may access their placement information on the platform.

**Article 46** On the day following the effectiveness of the fund contract, the fund manager shall publish an announcement thereon, disclosing the number and proportions of fund units actually offered to strategic investors, investors under the placing tranche, and public investors; the names, bids, subscription volumes, and placement volumes of institutional investors as placees; and a statement of whether the results of the independent placement meet the pre-announced placement principles. Investors who have provided valid bids but haven’t participated in the subscription, or who have subscribed for a volume notably less than the proposed volume shall be listed and highlighted in the disclosure.

**Article 47** Upon the expiration of the offering period, the offering shall be considered failed if:

(1) The fund size is smaller than 80% of the approved size;

(2) The fund raises less than RMB 200 million, or the number of investors is less than 1,000;

(3) The originator or any of its affiliates under common control hasn’t participated in the strategic placement as required;

(4) The placing tranche accounts for less than 70% of the total volume of this offering after deducting the portion placed to strategic investors; or

(5) Other circumstance that leads to the failure of the offering.

If the offering fails, the fund manager shall, within 30 days after the expiration of the offering period, return any payment received from investors plus any interest accrued thereon at then-current bank deposit rate.

# Chapter V Confirmation of Fund Units

**Article 48** The fund manager shall, in accordance with the *Infrastructure REITs Guidelines*, confirm the subscription of strategic investors and the final placements to public investors and investors under the placing tranche, and conclude the offering process.

**Article 49** If the fund size is smaller than the offering volume close to the expiration of the offering period, measures predetermined and disclosed by the fund manager, financial advisor, and originator shall be taken.

**Article 50** After investors subscribed and paid for the fund units, the fund manager and financial advisor shall engage a qualified accounting firm to verify the subscriptions and payments and issue a verification report, and engage a law firm to give a legal opinion after attesting the offering and placement activities, the qualifications of investors participating in the pricing and placement, and their association to the fund manager and financial advisor, and funds transfers, among others.

The fund manager or financial advisor shall submit the legal opinion, summary offering report, and other documents to the Exchange within 10 working days from the creation date of the fund.

# Chapter VI Follow-on Offering of Infrastructure REITs

**Article 51** In the case of the follow-on offering of an infrastructure REIT, the additional units may be placed to the original unitholders, or offered to other specified or non-specified investors.

**Article 52** Based on the trading price of the infrastructure REIT in the secondary market, market value of the proposed project, and other related factors, the fund manager may determine a reasonable price or pricing method and corresponding volume for the follow-on offering, and submit the same, as well as the follow-on offering scheme and other matters, to the unitholders’ general meeting for approval.

**Article 53** To launch a follow-on offering, the fund manager shall submit such documents as a photocopy of the CSRC’s approval or filing record for the registration change, the follow-on offering scheme, and the follow-on offering announcement to the Exchange. If the Exchange raises no objection within five working days, the fund manager may start the follow-on offering.

The follow-on scheme shall specify the offering type, volume, method, and target of the infrastructure REIT, as well as placements to the original unitholders, change in the original strategic investors’ unitholding due to the follow-on offering, names and subscription method of new strategic investors (if any), price of the follow-on offering, purpose of raised funds, placement principles, and other matters required by the Exchange.

# Chapter VII Other Provisions

**Article 54** The fund manager shall disclose the financial advisory fees, audit and verification expenses, attorney fees, information disclosure fees, and offering fees in the prospectus, and specify how these fees should be borne.

**Article 55** The fund manager and financial advisor shall keep materials related to the roadshow, pricing, and placement for at least 15 years for future reference, which materials shall include marketing and promotional materials and roadshow live recordings and shall truthfully and fully reflect the price inquiry, pricing, and placement processes.

**Article 56** Fund managers, financial advisors, fund service providers, investors, and their respective personnel will be subject to a single or a combination of regulatory or disciplinary measures depending on the seriousness of the circumstance if:

(1) They collude to give bids, engage in tunneling, or seek illegitimate benefits in the price inquiry and placing process;

(2) They inquire prices from or make placements to unqualified entities in violation of the provisions hereof;

(3) They fail to submit the offering scheme to the Exchange in time, or launch offering according to a scheme that is objected by the Exchange;

(4) Fund managers, financial advisors, fund service providers, and other entities fail to prepare and disclose any offering-related documents in a timely manner as required, or the information disclosed is untrue, inaccurate, or incomplete, or contains any false records, misleading statements, or material omissions;

(5) Investors and the originators participating in the strategic placement break their commitments on the lock-up period or other relevant matters;

(6) Fund managers and financial advisors charge undue fees on the originators and investors in violation of applicable rules; or

(7) They otherwise violate these *Guidelines*.

**Article 57** Fund managers, financial advisors, fund service providers, investors, and their respective personnel will be subject to a single or a combination of the following regulatory or disciplinary measures depending on the seriousness of the circumstance if they violate these *Guidelines*:

(1) Verbal warning;

(2) Written warning;

(3) Regulatory talks;

(4) Requiring correction within a specified period;

(5) Requiring explanation and clarification within a specified period;

(6) Suspending acceptance or handling of relevant business;

(7) Reprimand;

(8) Public censure;

(9) Suspending acceptance of their documents; and/or

(10) Other regulatory and disciplinary measures prescribed by this Exchange.

Any suspected violation of laws, administrative regulations, and ministry-level rules will be reported by the Exchange to the CSRC.

# Chapter VIII Supplementary Provisions

**Article 58** The Exchange reserves the right to interpret these *Guidelines*.

**Article 59** These *Guidelines* shall be implemented as of this date of issuance.