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

The Bonds (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state of the United States or other jurisdiction. This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and are listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF THE OFFERING CIRCULAR

PEOPLE’S GOVERNMENT OF SHENZHEN MUNICIPALITY OF GUANGDONG PROVINCE OF THE PEOPLE’S REPUBLIC OF CHINA

(THE “SHENZHEN MUNICIPAL PEOPLE’S GOVERNMENT” OR THE “ISSUER”)

RMB1,100,000,000 2.60% BONDS DUE 2023 (STOCK CODE: 86016)

RMB1,500,000,000 2.70% BONDS DUE 2024 (STOCK CODE: 86018) AND

RMB2,400,000,000 2.90% BONDS DUE 2026 (STOCK CODE: 86019)

(TOGETHER, THE “BONDS”)

Joint Lead Managers and Joint Bookrunners

Bank of China

**Standard Chartered
Bank**

China International Capital Corporation

CLSA

Bank of Communications

China Construction Bank (Asia)

China Merchants Securities (HK)

**China Minsheng
Banking Corp.,
Ltd., Hong Kong
Branch**

**China PA
Securities (Hong
Kong) Company
Limited**

Citigroup

**CMB
International**

**Crédit
Agricole CIB**

**Guosen
Securities
(HK)**

ICBC (Asia)

J.P. Morgan

Mizuho Securities

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

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 19 October 2021 published by the Issuer .

The offering circular dated 11 October 2021 in relation to the Bonds is appended to this announcement.

Hong Kong, 20 October 2021

Appendix - Offering Circular

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO 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 us as a result of such access.

Confirmation of Your Representation: You have accessed the attached Offering Circular on the basis that you have confirmed your representation to People’s Government of Shenzhen Municipality of Guangdong Province of the People’s Republic of China (the “**Shenzhen Municipal People’s Government**” or the “**Issuer**”) and Bank of China Limited, Standard Chartered Bank (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, CLSA Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited, China Merchants Securities (HK) Co., Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China PA Securities (Hong Kong) Company Limited, Citigroup Global Markets Limited, CMB International Capital Limited, Crédit Agricole Corporate and Investment Bank, Guosen Securities (HK) Brokerage Company, Limited, Industrial and Commercial Bank of China (Asia) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Mizuho Securities Asia Limited (collectively, the “**Joint Lead Managers**”) that (1) you are not in the United States, the electronic mail address that you provided and to which this electronic mail has been delivered is not located in the United States and, to the extent you purchase the bonds described in the attached Offering Circular (the “**Bonds**”), you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer or any Joint Lead Manager or any of their respective directors, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

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 Bonds.

THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATES OF THE UNITED STATES OR OTHER JURISDICTION. THE BONDS 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 APPLICABLE STATE OR LOCAL SECURITIES LAWS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF BONDS FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer or the Joint Lead Managers to subscribe for or purchase any of the Bonds, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) 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 Joint 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 the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, 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 Bonds.

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

Actions That You May Not Take: You should not reply by e-mail to this electronic transmission and you may not purchase any Bonds 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.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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.

You are responsible for protecting your electronic device against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

PEOPLE'S GOVERNMENT OF SHENZHEN MUNICIPALITY OF GUANGDONG PROVINCE OF THE PEOPLE'S REPUBLIC OF CHINA

RMB1,100,000,000 2.60% Bonds due 2023

RMB1,500,000,000 2.70% Bonds due 2024

RMB2,400,000,000 2.90% Bonds due 2026

Issue price of the 2023 Bonds: 100%

Issue price of the 2024 Bonds: 100%

Issue price of the 2026 Bonds: 100%

People's Government of Shenzhen Municipality of Guangdong Province of the People's Republic of China (the "**Shenzhen Municipal People's Government**" or the "**Issuer**") is offering RMB1,100,000,000 in aggregate principal amount of its 2.60% bonds due 2023 (the "**2023 Bonds**"), RMB1,500,000,000 in aggregate principal amount of its 2.70% bonds due 2024 (the "**2024 Bonds**") and RMB2,400,000,000 in aggregate principal amount of its 2.90% bonds due 2026 (the "**2026 Bonds**", together with the 2023 Bonds and the 2024 Bonds, the "**Bonds**")

The 2023 Bonds, 2024 Bonds and 2026 Bonds will bear interest from and including 19 October 2021 (the "**Issue Date**") at the rate of 2.60% per annum, 2.70% per annum and 2.90% per annum respectively. Interest on the Bonds will be payable semi-annually in arrear on the Interest Payment Dates (as defined in the *Terms and Conditions of the Bonds*) falling on or nearest to 19 April and 19 October in each year. Payments on the Bonds will be made in Renminbi without withholding or deduction for taxes of the People's Republic of China (the "**PRC**" or "**China**") or any authority in the PRC or of the PRC having power to tax to the extent described under "*Terms and Conditions of the 2023 Bonds – Taxation and Withholding*", "*Terms and Conditions of the 2024 Bonds – Taxation and Withholding*" and "*Terms and Conditions of the 2026 Bonds – Taxation and Withholding*". The 2023 Bonds will mature on the Interest Payment Date falling on or nearest to 19 October 2023 at their principal amount, the 2024 Bonds will mature on the Interest Payment Date falling on or nearest to 19 October 2024 at their principal amount and the 2026 Bonds will mature on the Interest Payment Date falling on or nearest to 19 October 2026 at their principal amount.

The Bonds constitute direct, unconditional and unsecured obligations of the Issuer, and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public Indebtedness (as defined in the *Terms and Conditions of the Bonds*) of the Issuer, from time to time outstanding, provided further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public Indebtedness and, in particular, shall have no obligation to pay other Public Indebtedness at the same time or as a condition of paying sums due on the Bonds and *vice versa*.

The issuance of the Bonds has been authorised by the State Council of the People's Republic of China pursuant to the Implementation Plan for the Comprehensive Reform of the Pilot Demonstration Area for Building Socialism with Chinese Characteristics in Shenzhen (2020-2025) issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council and the First Batch of Authority Delegation for the Comprehensive Reform of the Pilot Demonstration Area for Building Socialism with Chinese Characteristics in Shenzhen appended therein. In accordance with the Budget Law of the People's Republic of China, the Regulation on the Implementation of the Budget Law of the People's Republic of China (Guo Ling No. 729), the Opinion of the State Council on Strengthening the Management of Local Government Debt (Guo Fa [2014] No. 43) and the Administrative Measures for the Local Government Bonds Issuance, the 2023 Bonds are issued as general bonds, which will constitute general debt of the Issuer. The 2024 Bonds and the 2026 Bonds are issued as special bonds, which will constitute specific debt of the Issuer.

For a more detailed description of the use of proceeds of the Bonds, see "*Use of Proceeds*" beginning on page 50.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") 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) ("**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 SEHK on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaims 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.

For a more detailed description of the Bonds, see "*Overview of the Offering*" beginning on page 1.

The denomination of the Bonds is RMB1,000,000 and integral multiples of RMB10,000 in excess thereof.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Bonds may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state or local securities laws. The Bonds are being offered outside the United States in reliance on Regulation S under the Securities Act ("Regulation S").

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

Each series of the Bonds will initially be represented by a global certificate (each a "**Global Certificate**", and together, the "**Global Certificates**") in registered form which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). Beneficial interests in the Global Certificates will be shown on, and transfer thereof will be effected only through, records maintained by the CMU. Except as described herein, individual certificates for Bonds will not be issued in exchange for interests in the relevant Global Certificate. For persons seeking to hold a beneficial interest in the Bonds through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream**"), such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU operator.

Joint Lead Managers and Joint Bookrunners

| | | | |
|------------------------|--------------------------------|---|-------------------|
| Bank of China | Standard Chartered Bank | China International Capital Corporation | CLSA |
| Bank of Communications | China Construction Bank (Asia) | China Merchants Securities (HK) | Citigroup |
| CMB International | Crédit Agricole CIB | Guosen Securities (HK) | ICBC (Asia) |
| | | | J.P. Morgan |
| | | | Mizuho Securities |

Sole Green Structuring Advisor

Bank of China

Offering Circular dated 11 October 2021

IMPORTANT NOTICE

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. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. 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 distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and Bank of China Limited, Standard Chartered Bank (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, CLSA Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited, China Merchants Securities (HK) Co., Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China PA Securities (Hong Kong) Company Limited, Citigroup Global Markets Limited, CMB International Capital Limited, Crédit Agricole Corporate and Investment Bank, Guosen Securities (HK) Brokerage Company, Limited, Industrial and Commercial Bank of China (Asia) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Mizuho Securities Asia Limited (collectively, the “**Joint Lead Managers**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, redemption of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions, 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*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, Bank of Communications Co., Ltd. Hong Kong Branch (the “**Fiscal Agent**”) or other agents as appointed by the Issuer (together with the Fiscal Agent, the “**Agents**”). 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 PRC or Shenzhen Municipality since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Joint Lead Managers or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers or the Agents. None of the Joint Lead Managers or the Agents have independently verified any of the information contained in this Offering Circular. None of the Joint Lead Managers or the Agents can give any assurance that this information is accurate, true or complete. To the fullest extent permitted by law, none of the Joint Lead Managers or the Agents assume responsibility for the contents, accuracy or completeness of any such information or for any other statement, made or purported to be made by the Joint Lead Managers or the Agents or on their behalf in connection with the Issuer or the issue and offering of the

Bonds. Each of the Joint Lead Managers and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Circular or any such statement. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase the Bonds.

The Bonds are governed by Hong Kong law. The Issuer has agreed that the courts of Hong Kong have exclusive jurisdiction to settle any dispute in connection with the Bonds and has appointed Bank of Communications Co., Ltd. Hong Kong Branch (currently at 16/F, COS Centre, 56 Tsun Yip Street, Kwun Tong, Hong Kong) as its agent to accept service of process in any Proceedings (as defined in the *Terms and Conditions of the Bonds*).

To the extent that the Issuer may claim for itself immunity from any Proceedings, and to the extent that in any such jurisdiction there may be attributed to the Issuer such immunity (whether or not claimed), the Issuer hereby agrees not to claim and hereby waives and will waive such immunity in the face of the courts; provided, however, that the Issuer has not waived, and shall not waive, its sovereign and other immunity with respect to its assets wherever located from execution or attachment, whether in aid of execution, before judgment or otherwise.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT SUCH JOINT LEAD MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY SUCH JOINT LEAD MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Unless otherwise specified or the context requires, all references herein to “the Shenzhen Municipal People’s Government” or “the Issuer” and words of similar import regarding the description of the Bonds are to People’s Government of Shenzhen Municipality of Guangdong Province of the People’s Republic of China itself and references herein to “RMB” and “Renminbi” are to the lawful currency of the PRC.

Statistical information included in this Offering Circular is the latest official data publicly available at the date of this Offering Circular. Financial data provided in this Offering Circular may be subsequently revised in accordance with the Shenzhen Municipal People’s Government’s ongoing maintenance of its economic data, and that revised data will not be distributed by the Shenzhen Municipal People’s Government to any holder of the Bonds. As used in this Offering Circular, the term “N/A” identifies statistical or financial data that is not available.

References to “Hong Kong” are to the Hong Kong Special Administrative Region of the PRC; references to “Macao” are to the Macao Special Administrative Region of the PRC; references to “U.S.” and the “United States” mean the United States of America; references to “U.S.\$” and “U.S. dollars” are to the lawful currency of the United States; references to “Shenzhen” and “Shenzhen Municipality” mean the Shenzhen Municipality of Guangdong Province of the PRC; and references to “Shenzhen Finance Bureau” mean Finance Bureau of Shenzhen Municipality of Guangdong Province of the People’s Republic of China.

Unless otherwise indicated, all references in this Offering Circular to “Bonds” are to any of the 2023 Bonds, the 2024 Bonds and the 2026 Bonds and references to a “series of Bonds” or to a “series” are to the 2023 Bonds,

the 2024 Bonds or the 2026 Bonds separately and all references in this Offering Circular to “*Terms and Conditions of the Bonds*” are to the terms and conditions governing the 2023 Bonds, the 2024 Bonds and the 2026 Bonds (as applicable).

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical facts included in this Offering Circular regarding, among other things, Shenzhen Municipality's economy, fiscal condition, debt or prospects may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although the Issuer believes that the expectations reflected in its forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

These statements are based on the Issuer's current plans, objectives, assumptions, estimates and projections. Investors should therefore not place undue reliance on these statements. Forward-looking statements speak only as of the date that they are made and the Issuer does not undertake to update any forward-looking statements in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

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OVERVIEW OF THE OFFERING

This following overview contains certain information on the Bonds and the offering and is qualified in its entirety by the remainder of this Offering Circular. Any decision to invest in the Bonds should be based on a consideration of this Offering Circular as a whole. For a more complete description of the terms of the Bonds, see the Terms and Conditions of the Bonds.

Words and expressions defined in the Terms and Conditions of the Bonds or elsewhere in this Offering Circular have the same meanings in this overview.

| | |
|-------------------------------|--|
| Issuer | People's Government of Shenzhen Municipality of Guangdong Province of the People's Republic of China (the " Shenzhen Municipal People's Government "). |
| Bonds offered | RMB1,100,000,000 2.60% Bonds due 2023. RMB1,500,000,000 2.70% Bonds due 2024. RMB2,400,000,000 2.90% Bonds due 2026. |
| Issue date | 19 October 2021 (the " Issue Date "). |
| Maturity date | 2023 Bonds: The Interest Payment Date falling on or nearest to 19 October 2023. 2024 Bonds: The Interest Payment Date falling on or nearest to 19 October 2024. 2026 Bonds: The Interest Payment Date falling on or nearest to 19 October 2026. |
| Issue price | 2023 Bonds: 100% of the principal amount. 2024 Bonds: 100% of the principal amount. 2026 Bonds: 100% of the principal amount. |
| Interest rate | 2023 Bonds: 2.60% per annum. 2024 Bonds: 2.70% per annum. 2026 Bonds: 2.90% per annum. |
| Interest payment dates | Semi-annually in arrear on 19 April and 19 October of each year, provided that if any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. |
| Final redemption | Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. |
| Events of Default | If any of the events as defined in Clause 8 of the <i>Terms and Conditions of the Bonds</i> occurs and continues (each an " Event of Default "), the Bondholders, through an Extraordinary Resolution, might approve to give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable |

at their principal amount together (if applicable) with accrued and unpaid interest.

Ranking

The Bonds are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public Indebtedness of the Issuer, from time to time outstanding, provided further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public Indebtedness and, in particular, shall have no obligation to pay other Public Indebtedness at the same time or as a condition of paying sums due on the Bonds and *vice versa*.

Listing

The Bonds will be listed on the SEHK.

Denomination

The denomination of the Bonds is RMB1,000,000 and integral multiples of RMB10,000 in excess thereof.

Form

The Bonds will be issued in registered form and will initially be represented by a global certificate in respect of each series of Bonds.

Rating

The Bonds have not been rated by any rating agency.

Clearing Systems

The CMU.

The CMU Instrument Number, ISIN and Common Code for the Bonds are:

| | CMU Instrument Number | ISIN | Common Code |
|------------|-----------------------------|--------------|-------------|
| 2023 Bonds | BCMKFB2100 9 | HK0000778461 | 239394086 |
| 2024 Bonds | BCMKFB2101 0 | HK0000778479 | 239394132 |
| 2026 Bonds | BCMKFB2101 1 | HK0000778487 | 239394353 |

Payment of principal and interest

Principal and interest on the Bonds will be payable in Renminbi.

**Fiscal agent, principal paying agent,
CMU lodging agent, registrar and
transfer agent**

Bank of Communications Co., Ltd. Hong Kong Branch.

Governing law

Hong Kong law.

Use of proceeds

The net proceeds from the offering of the 2023 Bonds will be used by the Issuer for general governmental purposes.

The net proceeds from the offering of the 2024 Bonds will be used to finance clean transportation projects in accordance with the Green Finance Framework.

The net proceeds from the offering of the 2026 Bonds will be used to finance water treatment projects and sponge city related projects in accordance with the Green Finance Framework.

Selling restrictions

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state or local securities laws. For a description of certain restrictions on offers, sales and deliveries of Bonds and on the distribution of offering material in certain jurisdictions, see the “*Subscription and Sale*” section below.

RISK FACTOR

The Issuer believes that the risk factors described below represents the principal risks inherent in investing in the Bonds, but there may be other market-related risks associated with the Bonds which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. The risk factors described below are contingencies which may or may not occur. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular to reach their own views prior to making any investment decision.

The Bonds carry a fixed interest rate.

The Bonds carry a fixed interest rate. The market prices of the Bonds may decrease if Renminbi interest rates increase during the term of the Bonds. Under this situation, investors may incur a loss from the decrease in the market price if they sell the Bonds before final maturity.

The Bonds are subject to liquidity risk.

There may not be an active secondary market for the Bonds, and the liquidity of the Bonds may be affected by the condition of supply and demand of funds in the trading market and the changes in investors' investment preferences. In addition, there is no guarantee that the Bondholders will always be able to find a buyer if they want to sell the Bonds and *vice versa*. Hence, the Bonds are subject to certain liquidity risk.

The 2024 Bonds and the 2026 Bonds may not be a suitable investment for all investors seeking exposure to green assets.

In connection with the issue of the 2024 Bonds and the 2026 Bonds, the Issuer has requested the Hong Kong Quality Assurance Agency (the “HKQAA”) to issue independent certification (a “HKQAA Pre-issuance Stage Certificate”) confirming that the 2024 Bonds and the 2026 Bonds are in compliance with the requirements of the Green and Sustainable Finance Certification Scheme operated by the HKQAA (the “HKQAA Green and Sustainable Finance Certification Scheme”).

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green”, and therefore no assurance can be provided to potential investors that the relevant eligible green assets will continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognised by the HKQAA Green Finance and Sustainable Certification Scheme and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Potential investors should be aware that the HKQAA Pre-issuance Stage Certificate will not be incorporated into, and will not form part of, this Offering Circular or the terms and conditions relating to the 2024 Bonds and the 2026 Bonds. The HKQAA Pre-issuance Stage Certificate may not reflect the potential impact of all risks related to the 2024 Bonds and the 2026 Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the 2024 Bonds and the 2026 Bonds. The HKQAA Pre-issuance Stage Certificate is not recommendations to buy, sell or hold securities and is only current as of its date of issue.

Further, although the Issuer will use the net proceeds as described in “Use of Proceeds” below, it would not be an event of default under the 2024 Bonds and the 2026 Bonds if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the relevant terms and conditions and/or (ii) the HKQAA Pre-issuance Stage Certificate were to be withdrawn. Any failure to use the net proceeds of the 2024 Bonds and the 2026 Bonds in connection with green projects, and/or any failure to meet, or to

continue to meet, the investment requirements of certain environmentally focused investors with respect to the 2024 Bonds and the 2026 Bonds may affect the value and/or trading price of the 2024 Bonds and the 2026 Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

Neither the Issuer nor the Joint Lead Managers make any representation as to the suitability for any purpose of the HKQAA Pre-issuance Stage Certificate or whether the 2024 Bonds and the 2026 Bonds fulfil the relevant environmental criteria. Each potential purchaser of the 2024 Bonds and the 2026 Bonds should determine for itself the relevance of the information contained in this Offering Circular and in the terms and conditions relating to the 2024 Bonds and the 2026 Bonds regarding the use of proceeds and its purchase of the 2024 Bonds and the 2026 Bonds should be based upon such investigation as it deems necessary.

TERMS AND CONDITIONS OF THE 2023 BONDS

The following are the terms and conditions substantially in the form in which they will appear on the reverse of each of the definitive certificates evidencing the 2023 Bonds.

The RMB1,100,000,000 2.60% bonds due 2023 (the “**Bonds**”) of People’s Government of Shenzhen Municipality of Guangdong Province of the People’s Republic of China (the “**Shenzhen Municipal People’s Government**” or the “**Issuer**”) are the subject of a fiscal agency agreement dated on or about 19 October 2021 (the “**Fiscal Agency Agreement**”) between the Issuer and Bank of Communications Co., Ltd. Hong Kong Branch as the fiscal agent, principal paying agent, CMU lodging agent, transfer agent and registrar. The fiscal agent, principal paying agent, CMU lodging agent, transfer agent and registrar for the time being and the paying agents to be appointed by the Issuer in the future are referred to below respectively as the “**Fiscal Agent**”, the “**Principal Paying Agent**”, the “**CMU Lodging Agent**”, the “**Transfer Agent**”, the “**Registrar**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent). The issuance of the Bonds has been authorised by the State Council of the People’s Republic of China pursuant to the Implementation Plan for the Comprehensive Reform of the Pilot Demonstration Area for Building Socialism with Chinese Characteristics in Shenzhen (2020-2025) issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council and the First Batch of Authority Delegation for the Comprehensive Reform of the Pilot Demonstration Area for Building Socialism with Chinese Characteristics in Shenzhen appended therein. In accordance with the Budget Law of the People’s Republic of China, the Regulation on the Implementation of the Budget Law of the People’s Republic of China (Guo Ling No. 729), the Opinion of the State Council on Strengthening the Management of Local Government Debt (Guo Fa [2014] No. 43) and the Administrative Measures for the Local Government Bonds Issuance, the Bonds are issued as general bonds, which will constitute general debt of the Issuer.

The Fiscal Agency Agreement includes the form of the Bonds. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified office of the Fiscal Agent. The holders of the Bonds are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

Words and expressions defined in the Fiscal Agency Agreement shall have the same meanings where used in these terms and conditions (the “**Conditions**”) unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination and Title

The Bonds will be issued in registered form in the denomination of RMB1,000,000 and integral multiples of RMB10,000 in excess thereof.

The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder (as defined below).

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bond shall be deemed to be and may 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, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” and “**holder**” means the person in whose name a Bond is registered (or in the case of a joint holding, the first name thereof).

2 Transfers of Bonds

- (a) **Transfer:** A holding of Bonds may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Bondholder during usual business hours upon prior written request.
- (b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (c) **Transfer Free of Charge:** Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax, duty, assessment or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(a)).

3 Status of Bonds

The Bonds are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public Indebtedness of the Issuer, from time to time outstanding, provided further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public Indebtedness and, in particular, shall have no obligation to pay other Public Indebtedness at the same time or as a condition of paying sums due on the Bonds and *vice versa*.

In this Condition:

- (a) **“Public Indebtedness”** means Indebtedness represented or evidenced by notes, bonds or other similar instruments of the kind customarily offered in the public securities markets and of the kind customarily subject to listing and trading on securities exchanges (without regard, however, to whether or not the instruments are offered through public distributions or in private placements); and
- (b) **“Indebtedness”** means any indebtedness for money borrowed or any guarantee of indebtedness for money borrowed which, in either case: (i) has an original maturity in excess of one year; and (ii) is backed by the full faith and credit of the Shenzhen Municipal People’s Government and shall not include the borrowings of any state-owned corporation or in the name of any agency or instrumentality of the Shenzhen Municipality of the People’s Republic of China or the People’s Republic of China (the **“PRC”**) (whether or not such corporation, agency or instrumentality has, under the laws of the PRC, a separate legal existence).

4 Interest

(a) Interest Payment Dates

The Bonds bear interest from and including 19 October 2021 (the **“Issue Date”**) at the rate of 2.60% per annum, payable semi-annually in arrear on 19 April and 19 October in each year (each an **“Interest Payment Date”**), provided that if any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. In these Conditions, the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **“Interest Period”**.

(b) Interest Payments

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest on the principal amount in respect of which payment has been improperly withheld or refused in accordance with this Condition (both before and after judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.

(c) Calculation of Interest

If interest is required to be calculated for a period of less than an Interest Period, the relevant day-count fraction will be determined on the basis of (i) the actual number of days in the period from and including the date from which interest begins to accrue (the **“Accrual Date”**) to but excluding the date on which it falls due divided by (ii) 365.

Interest in respect of any Bond shall be calculated per RMB10,000 in principal amount of the Bonds (the **“Calculation Amount”**). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest RMB0.01 (RMB0.005 being rounded upwards).

(d) Business day

In this Condition, the expression “**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Beijing and Hong Kong.

5 Redemption and Purchase

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 19 October 2023 (the “**Maturity Date**”).

(b) Purchases

The Issuer may at any time purchase Bonds in the open market or through designated lawful institutions at any price. Any Certificates representing the Bonds purchased pursuant to this Condition 5(b) may be held, reissued, resold or surrendered to the Fiscal Agent for cancellation. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of determining quorums at meetings of the Bondholders or for the purposes of Condition 8.

6 Payments

(a) Method of Payment

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in Renminbi by transfer to the registered account of the Bondholder.
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in Renminbi by transfer to the registered account of the Bondholder.
- (iii) For the purposes of this Condition 6, a Bondholder’s “**registered account**” means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register.
- (iv) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) Payments subject to laws

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents**

The Fiscal Agent, the Principal Paying Agent, the CMU Lodging Agent, the Transfer Agent and the Registrar initially appointed by the Issuer and their respective specified office are listed below. The Fiscal Agent, the Principal Paying Agent, the CMU Lodging Agent, the Transfer Agent and the Registrar act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Principal Paying Agent, the CMU Lodging Agent, the Transfer Agent or the Registrar and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Principal Paying Agent, (iii) a CMU Lodging Agent, (iv) a Registrar, (v) a Transfer Agent and (vi) such other agents as may be required by any other stock exchange on which the Bonds may be listed. Notice of any such change or any change of any specified office shall promptly be given to the Bondholders in accordance with Condition 12.

(e) **Delay in Payments**

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

(f) **Non-Payment Business Days**

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 6, “**Payment Business Day**” means a day (other than a Saturday or Sunday) on which (i) commercial banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and in Beijing and Hong Kong; and (ii) commercial banks in Beijing are not authorised or obligated by law or executive order to be closed.

7 Taxation and Withholding

All payments (whether in respect of principal, interest or otherwise) in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC, or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Bondholder of such amounts as would have been received by such Bondholder if no such withholding or deduction had been required.

For the avoidance of doubt, the obligation of the Issuer to pay additional amounts in respect of taxes, duties, assessments and other governmental charges will not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment or other governmental charge or (b) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest on, the Bonds.

Except as specifically provided in this Condition 7, the Issuer shall not be required to make any payment with respect to any stamp or other taxes, duties, assessments or other governmental charges, if any, imposed by any government or any political subdivision or taxing authority thereof or therein. Whenever in these Conditions there is a reference, in any context, to the payment of the principal of, or interest on, or in respect of, the Bonds, such mention shall be deemed to include mention of the payment of additional amounts provided for in this Condition 7 to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Condition 7 and express mention of the payment of additional amounts (if applicable) in any provision hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

8 Events of Default

If any of the following events occurs and continues (each an “**Event of Default**”), the Bondholders, through an Extraordinary Resolution, might approve to give notice to the Issuer that all the Bonds are, and they shall immediately become, due and payable at their principal amount together with accrued and unpaid interest:

- (a) a default is made in the payment of any principal or interest in respect of the Bonds and such default is not cured within 30 days of the due date for payment;
- (b) the failure by the Issuer to observe or perform any other provision of these Conditions, and where it is not clearly impossible to remedy such failure, it is not remedied within 60 days following delivery to the Issuer of written notice of such default;
- (c) the failure by the Issuer to make any payment when due of principal or financial charge in excess of U.S.\$50,000,000 (or its equivalent in other currencies) (whether upon maturity, acceleration or otherwise) on or in connection with the Public Indebtedness of the Shenzhen Municipal People’s Government, and such failure by the Issuer continues for 30 days or more after the expiry of any applicable grace period following the date on which such payment became due;
- (d) the Issuer declares a suspension of, or a moratorium with respect to, the payments of the Public Indebtedness of the Shenzhen Municipal People’s Government generally; or
- (e) at any time it becomes unlawful for the Issuer to perform or comply with any of its payment obligations under the Bonds or any of the payment obligations of the Issuer under the Bonds ceases to be legal, valid, binding and enforceable on it.

An “**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 75% of the votes cast.

9 Meetings of Bondholders, Written Resolutions

- (a) **Convening Meetings of Bondholders, Conduct of Meetings of Bondholders, Written Resolutions**
 - (i) The Fiscal Agency Agreement contains provisions for convening meetings of the holders of Bonds for the time being outstanding (as defined in the Fiscal Agency Agreement) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or by Bondholders holding not less than 10% in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in the aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds

held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to sanction any proposal by the Issuer for changing the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

- (ii) The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90% in principal amount of the Bonds for the time being outstanding (as defined in the Fiscal Agency Agreement) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Manifest error, etc.**

The Bonds, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Bondholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Bondholders.

(c) **Bonds controlled by the Issuer**

For the purposes of (x) determining the right to attend and vote at any meeting of Bondholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution (as defined in the Fiscal Agency Agreement) and (y) this Condition 9, any Bonds which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means Finance Bureau of Shenzhen Municipality of Guangdong Province of the People’s Republic of China, any other department or agency of the Issuer or any corporation, trust, financial institution or other entity owned or controlled by the Issuer or any of the foregoing; and
- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Bond will also be deemed to be not outstanding if the Bond has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Bond has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Bond in accordance with its terms.

In advance of any meeting of Bondholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of a certificate, which includes information on the total number of Bonds which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Bonds shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Bondholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

10 Waiver or Authorisation of Breach of Fiscal Agency Agreement

Notwithstanding any provision of Condition 9, the Issuer shall only permit any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, without the consent of the Bondholders, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

11 Prescription

The right of a Bondholder to receive any payment under the Bonds shall become void ten years (in the case of principal) or six years (in the case of interest) after the due date for payment thereof.

12 Notices

Any notice to the holder of any definitive Bond shall be validly given if published in a leading newspaper having a general circulation in Hong Kong (which is expected to be the *South China Morning Post*) or, if that newspaper shall cease to be published or timely publication therein shall not be practicable, in another English language newspaper with general circulation in Hong Kong or, in either case, in such other manner as the Issuer shall determine. Any such notice shall be deemed to have been given on the date of first publication in an English language newspaper.

13 Replacement of Bonds

Any Certificate which is lost, stolen, mutilated, defaced or destroyed may be replaced at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the expense incurred in connection therewith and on such terms as to evidence, indemnity, security or otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time, without the consent of holders of the Bonds, create and issue further bonds having the same terms and conditions as the Bonds in all respects, except for the issue date, issue price and the first payment of interest thereon. Additional bonds issued in this manner will be consolidated with and will form a single series with the Bonds.

15 Contracts (Rights of Third Parties) Ordinance (Cap 623)

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Ordinance (Cap 623).

16 Governing Law and Jurisdiction

(a) Governing law

The Bonds are governed by, and shall be construed in accordance with, Hong Kong law.

(b) Jurisdiction

The courts of the Hong Kong Special Administrative Region of the People's Republic of China are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any suit, action or proceedings arising out of or in connection with the Bonds (together referred to as "**Proceedings**") may be brought in such courts. Each of the Issuer, the Agents and any Bondholder irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings have been brought in an inconvenient or inappropriate forum.

(c) Agent for Service of Process

The Issuer hereby appoints Bank of Communications Co., Ltd. Hong Kong Branch (currently at 16/F, COS Centre, 56 Tsun Yip Street, Kwun Tong, Hong Kong) as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on the Fiscal Agency Agreement and the Bonds.

(d) Waiver of immunity

To the extent that the Issuer may in any jurisdiction claim for itself immunity from any such Proceedings, and to the extent that in any such jurisdiction there may be attributed to the Issuer such immunity (whether or not claimed), the Issuer hereby agrees not to claim and hereby waives and will waive such immunity in the face of the courts; provided, however, that the Issuer has not waived, and shall not waive, its sovereign and other immunity with respect to its assets wherever located from execution or attachment, whether in aid of execution, before judgment or otherwise.

TERMS AND CONDITIONS OF THE 2024 BONDS

The terms and conditions of the 2024 Bonds will be identical to those under “Terms and Conditions of the 2023 Bonds” except as set out below and references to “Bonds” shall be construed as references to the 2024 Bonds.

1. The rate of interest of the 2024 Bonds shall be 2.70% per annum.
2. The maturity date of the 2024 Bonds shall be 19 October 2024.
3. In accordance with the Budget Law of the People’s Republic of China, the Regulation on the Implementation of the Budget Law of the People’s Republic of China (Guo Ling No. 729), the Opinion of the State Council on Strengthening the Management of Local Government Debt (Guo Fa [2014] No. 43) and the Administrative Measures for the Local Government Bonds Issuance, the 2024 Bonds are issued as special bonds, which will constitute special debt of the Issuer.

TERMS AND CONDITIONS OF THE 2026 BONDS

The terms and conditions of the 2026 Bonds will be identical to those under “Terms and Conditions of the 2023 Bonds” except as set out below and references to “Bonds” shall be construed as references to the 2026 Bonds.

1. The rate of interest of the 2026 Bonds shall be 2.90% per annum.
2. The maturity date of the 2026 Bonds shall be 19 October 2026.
3. In accordance with the Budget Law of the People’s Republic of China, the Regulation on the Implementation of the Budget Law of the People’s Republic of China (Guo Ling No. 729), the Opinion of the State Council on Strengthening the Management of Local Government Debt (Guo Fa [2014] No. 43) and the Administrative Measures for the Local Government Bonds Issuance, the 2026 Bonds are issued as special bonds, which will constitute special debt of the Issuer.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Fiscal Agency Agreement and each Global Certificate contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions. Capitalised terms used but not defined in this section have the meanings given to them in the Fiscal Agency Agreement.

1. **Principal Amount and Exchange**

The principal amount of the Bonds shall be the aggregate amount from time to time entered in the records of the Central Moneymarkets Unit Service (the “**CMU**”) or any alternative clearing system (the “**Alternative Clearing System**”) (each a “**relevant Clearing System**”). The records of such relevant Clearing System shall be conclusive evidence of the principal amount of Bonds represented by the relevant Global Certificate and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. Each Global Certificate will be registered in the name of the Hong Kong Monetary Authority (“**HKMA**”) as operator (the “**Operator**”) of the CMU and may be delivered on or prior to the Issue Date. Upon the registration of the relevant Global Certificate in the name of the HKMA as the Operator of the CMU and delivery of such Global Certificate to a sub-custodian for the HKMA as the Operator of the CMU, CMU will credit each subscriber with a principal amount of Bonds equal to the principal amount thereof for which it has subscribed and paid.

2. **Payments**

Payments of principal and interest in respect of the Bonds represented by the Global Certificates will be made without presentation or if no further payment falls to be made in respect of the Bonds, against surrender of the relevant Global Certificate at the specified office of any Transfer Agent or of the Registrar. So long as any of the Bonds are represented by the relevant Global Certificate, each payment will be made to the persons for whose account a relevant interest in the relevant Global Certificate is credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof. Such payment will discharge the Issuer’s obligations in respect of that payment. For these purpose, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error), and each payment will be made to, or to the order of, person(s) for whose account(s) interest(s) in the relevant Global Certificate are credited as being held by the CMU in accordance with the CMU Rules at the close of business on the Business Day immediately prior to the date for payment where “Business Day” means a day on which the relevant clearing system is operating and open for business. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

3. **Notices**

For so long as the Bonds are represented by the relevant Global Certificate and such Global Certificate is held on behalf of the Operator or any Alternative Clearing System, notices required to be given to holders of such Bonds may be given by delivery of the relevant notice to CMU on the day on which such notice is delivered to the CMU, or as the case may be, to the person(s) confirmed by the relevant Alternative Clearing System, on the Business Day preceding the date of despatch of such notice as holding interests in the Global Certificate rather than by publication as required by the *Terms and Conditions of the Bonds*, where “Business Day” means a day on which the relevant clearing system is operating and open for business.

4. **Meetings**

The registered holder of the relevant Global Certificate shall (unless such Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of holders of the Bonds and, at any such meeting, as having one vote in respect of each RMB10,000 in principal amount of Bonds.

5. **Default**

If principal in respect of any Bonds is not paid when due and payable (but subject as provided in the relevant Global Certificate), the holder of the Bonds represented by the relevant Global Certificate may from time to time elect that Direct Rights under the provisions of the relevant Global Certificate shall come into effect. Such election shall be made in the manner described in the relevant Global Certificate.

6. **Electronic Consent and Written Resolution**

While the relevant Global Certificate is held on behalf of a relevant Clearing System, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures (i) by or on behalf of the holders who for the time being are entitled to receive notice of a Meeting under the Fiscal Agency Agreement or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of persons holding at least the relevant percentage of the aggregate principal amount of the outstanding Bonds of the relevant series as provided in the Fiscal Agency Agreement, shall, for all purposes take effect as a resolution in accordance with the Fiscal Agency Agreement and shall be binding on all relevant Bondholders of the relevant series whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the *Terms and Conditions of the Bonds*) has been validly passed in respect of a series, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the relevant Clearing System with entitlements to the relevant Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement beneficially held, subject to and in accordance with the provisions as further set out in the Fiscal Agency Agreement.

INTRODUCTION TO SHENZHEN

Overview

The Bonds are being issued by the Shenzhen Municipal People's Government. The full faith and credit of the Shenzhen Municipal People's Government is pledged for the due and punctual payment of all the principal and interest of the Bonds and the timely and proper performance of all its obligations under the Bonds.

The Bonds have been included in the 2021 draft budget and budget adjustment plan as approved by the Shenzhen Municipal People's Congress and its standing committee. The Bonds are part of the debt of the Shenzhen Municipal People's Government.

Shenzhen is a Chinese national economic core city. It is also a hub for technological innovation, finance, trade and commerce and logistics in China with growing global recognition and impact. As the most influential and developed special economic zone in China and the vanguard spearheading China's reform and opening-up policy, Shenzhen is a pioneer at the forefront of the new era. It strives to build a moderately prosperous society in all respects with high quality, to promote the development of the Guangdong-Hong Kong-Macao Greater Bay Area, to establish a pilot demonstration area of socialism with Chinese characteristics, to become the model city of China's building of a great modern socialist country and to work tirelessly to realise the Chinese dream of national rejuvenation.

Geographical Location

Shenzhen is a coastal city in South China, adjoining Hong Kong. Its longitude lies between 113.43 and 114.38 degrees east, and its latitude between 22.24 and 22.52 degrees north. Shenzhen is in the south of Guangdong Province and on the east coast of the Pearl River estuary, with Daya Bay and Dapeng Bay in the east, the Pearl River estuary and Lingding Channel in the west, the Shenzhen River connected to Hong Kong in the south and bordering the cities of Dongguan and Huizhou in the north. Its vast sea area connects the South China Sea and the Pacific Ocean. It covers the total area of 1,997.47 square kilometres.¹

Administrative Divisions

Shenzhen is a provincial municipality under Guangdong Province and a sub-provincial city under separate state planning. It has direct jurisdiction over nine districts and one new area: Futian, Luohu, Yantian, Nanshan, Bao'an, Longgang, Longhua, Pingshan and Guangming districts, and the Dapeng New Area. The special economic zone was expanded to cover the whole city on 1 July 2010. Shenzhen Shenshan Special Cooperation Zone was officially inaugurated on 16 December 2018.

Population

As at 1 November 2020, the permanent population² of Shenzhen was 17,560,061, representing an increase of 7,136,088, or 68.46%, from ten years ago, with a Compound Annual Growth Rate ("CAGR") of 5.35% over the past ten years. 13,965,964 people were between 15 to 59 of age, accounting for 79.53% of the permanent population.

The reform and opening-up policy and the special geographical environment have fostered a unique immigrant culture for Shenzhen which is open, inclusive and innovative.

¹ By the end of 2018.

² The permanent population of Shenzhen refers to the population of 11 districts in Shenzhen (including Dapeng New Area and Shenzhen-Shanwei Special Cooperation Zone), excluding Hong Kong, Macao and Taiwan residents and foreigners living in 11 districts in Shenzhen (including Dapeng New Area and Shenzhen-Shanwei Special Cooperation Zone).

Economic Status

Located at the forefront of the Pearl River Delta area, Shenzhen has been the link between the Chinese mainland and Hong Kong. It takes the lead in high-tech development, financial services, foreign trade, shipping, and the creative and cultural industries in China. Shenzhen has undertaken the mission to pilot China's structural reform and continuous opening up to the outside world. Shenzhen ranks fifth in Asia in terms of economic power. In 2020, Shenzhen's regional gross domestic product ("GDP") amounted to RMB2,767.024 billion, and the general public budget revenue amounted to RMB978.9 billion, RMB385.7 billion of which was derived at the local level. In the same year, the industrial enterprises above designated size in Shenzhen realised an aggregate profit of RMB272.857 billion, and 522,427 commercial entities were newly registered in Shenzhen.

Transportation

Shenzhen connects China to the rest of the world. It has land, sea, air and rail ports. In 2020, the freight traffic of Shenzhen Port reached 265 million tons, representing an increase of 2.79% from 2019. Shenzhen is an important railway hub of China with eight railway stations including Shenzhen Railway Station, Shenzhen North Railway Station and Shenzhen East Railway Station, as well as the Ganzhou-Shenzhen High-speed Railway under accelerated construction and the Guangzhou-Shenzhen-Hong Kong Express Rail Link passing through the city. Shenzhen Bao'an International Airport operates 60 international air routes and four flight routes to Hong Kong, Macao and Taiwan. The Shenzhen airport is one of the ten largest airports in China and among the world's top 100 airports. Shenzhen is a port city with the largest number of ports and passengers entering and exiting China and the largest road traffic flow in China. It has 15 Category-1 ports approved by the State Council, including the Luohu Port (China's busiest land passenger port), Huanggang Port (which offers around-the-clock border-crossing service), Futian Port (which offers seamless transfer by metro to Hong Kong while Shenzhen Bay Checkpoint offers both Hong Kong and Shenzhen immigration inspection service, the only of its kind in the country) and Shenzhen Bay Port (the only land port under the so-called "co-location arrangement", providing clearance procedures of both Chinese mainland and Hong Kong in one place). In 2020, the passenger traffic of Shenzhen Airport amounted to 37.916 million, including 615,700 on international flights (excluding Hong Kong, Macao and Taiwan).

Shenzhen Municipal People's Congress and Standing Committee

The Shenzhen Municipal People's Congress is Shenzhen's local people's congress. The Standing Committee of Shenzhen Municipal People's Congress is the permanent body of the Shenzhen Municipal People's Congress. It is responsible to, and reports to, the Shenzhen Municipal People's Congress.

The main functions and powers of the Shenzhen Municipal People's Congress include the following:

- In light of Shenzhen's specific local conditions and actual needs, to make and adopt local regulations, which must not contravene the Constitution of the PRC (the "**Constitution**"), laws and administrative regulations and Guangdong's provincial regulations. The regulations must be submitted to the Standing Committee of Guangdong Provincial People's Congress for approval before implementation and must be submitted by the Standing Committee of Guangdong Provincial People's Congress to the Standing Committee of the National People's Congress and the State Council for registration;
- To ensure the compliance and implementation of the Constitution, laws and the administrative regulations and the resolutions adopted by the people's congresses and the respective standing committees at higher levels in Shenzhen's administrative area;
- To ensure the implementation of the state plan and the state budget;
- To examine and approve the plans for economic and social development, the budgets for such plans and the reports on their implementation in Shenzhen's administrative area;

- To discuss and decide on major issues related to politics, economy, education, science, culture, public health, environment and resources protection, civil affairs, ethnic affairs and others in Shenzhen's administrative area;
- To elect and remove from office the members of the Standing Committee of the Shenzhen Municipal People's Congress;
- To elect and remove from office the mayor and deputy mayor of Shenzhen Municipality;
- To elect and remove from office the president of the Shenzhen Municipal Intermediate People's Court and the chief procurator of the Shenzhen Municipal People's Procuratorates (the president or chief procurator elected or removed must be reported to the chief procurator of the Guangdong Provincial People's Procuratorate for approval by the Standing Committee of the Guangdong Provincial People's Congress);
- To elect and remove from office the members of the Guangdong Provincial People's Congress;
- To review the work report of the Standing Committee of the Shenzhen Municipal People's Congress;
- To review the work report of the Shenzhen Municipal People's Government, Shenzhen Municipal Intermediate People's Court and Shenzhen Municipal People's Procuratorates;
- To revise or revoke inappropriate resolutions made by its Standing Committee;
- To revoke inappropriate resolutions and orders made by the Shenzhen Municipal People's Government;
- To protect socialist property owned by the people and socialist property collectively owned by the working people, to protect the citizens' privately owned lawful property, to maintain public order and to protect the citizens' rights of the person and their democratic and other rights;
- To protect the legitimate rights and interests of various economic organisations;
- To safeguard the rights of minority ethnic groups; and
- To safeguard women's rights as endowed by the Constitution and laws, such as equality with men, equal pay for equal work and freedom of marriage.

Shenzhen Municipal People's Government

The Shenzhen Municipal People's Government is the executive branch of the Shenzhen Municipal People's Congress and is responsible to, and reports to, the Shenzhen Municipal People's Congress and the Guangdong Provincial People's Government. When the Shenzhen Municipal People's Congress is out of session, the Shenzhen Municipal People's Government is responsible to, and reports to, the Standing Committee of the Shenzhen Municipal People's Congress.

The main functions and powers of the Shenzhen Municipal People's Government include the following:

- To implement the resolutions of the Shenzhen Municipal People's Congress and its Standing Committee as well as the resolutions and orders of state administrative organs at higher levels, and to formulate administrative measures and issue resolutions and orders;
- To direct the work of its subordinate departments and of the people's governments at lower levels;
- To revise or revoke the inappropriate orders and directives of its subordinate departments and the inappropriate resolutions and orders of the people's governments at lower levels;

- According to the provisions of the law, to appoint or remove, train, assess, reward or penalise employees of the state organs;
- To implement the national economic plans and budgets and to manage administrative work related to the economy, education, science, culture, public health, sports, environment and resources protection, urban and rural development and finance, civil affairs, public security, ethnic affairs, judicial administration, supervision and family planning and others in Shenzhen's administrative area;
- To protect socialist property owned by the people and socialist property collectively owned by the working people, to protect the citizens' privately owned lawful property, to maintain public order and to protect the citizens' rights of the person and their democratic and other rights;
- To protect the legitimate rights and interests of various economic organisations;
- To safeguard women's rights as endowed by the Constitution and laws, such as equality with men, equal pay for equal work and freedom of marriage; and
- To handle other matters assigned by the state administrative organs at higher levels.

ECONOMY

Overview

In 2020, Shenzhen's GDP reached RMB2.77 trillion with a CAGR of 7.1% over the past five years, ranking fifth in terms of economic power among all Asian cities. In the same year, the per capita disposable income of residents reached RMB64.9 thousand with a CAGR of 7.8% over the past five years.

Recent Developments

In the first half of 2021, faced with the complex external situation and the challenging goal of advancing reform, development and stability, Shenzhen, under the strong leadership of the Central Committee of the Communist Party of China with Comrade Xi Jinping at its core, continued to consolidate the achievements in pandemic control as well as economic and social development. Shenzhen's economy showed a trend of steady growth and development.

In the first half of 2021, Shenzhen's GDP was RMB1.432447 trillion, representing an increase of 9.7% over the same period in 2020, based on comparable prices.

Continuing Recovery of Industrial Production

In the first half of 2021, the value added industrial output by Shenzhen's industrial enterprises above designated size increased by 8.3% over the same period in 2020.

Growth in the Service Industry

From January to May 2021, the operating revenue of Shenzhen's service industry enterprises above designated size increased by 28.8% over the same period in 2020, with a CAGR of 13.4% over the past two years.

Accelerated Growth of Investment in Infrastructure

In the first half of 2021, investment in fixed assets in Shenzhen decreased by 0.4% over the same period in 2020 but increased by 7.3% over the same period in 2019. Investment in real estate development projects decreased by 12.9% while investment in non-real estate development projects increased by 10.5% over the same period in 2020.

Quick Recovery of Market Sales

In the first half of 2021, Shenzhen's total retail sales of consumer goods amounted to RMB448.510 billion, representing an increase of 23.2% over the same period in 2020 and an increase of 4.9% over the same period in 2019 prior to the pandemic.

Fast Growth in Imports and Exports of Goods

In the first half of 2021, Shenzhen's total value of imports and exports amounted to RMB1,592.834 billion, representing an increase of 19.3% over the same period in 2020. Among them, total exports amounted to RMB853.396 billion, and total imports amounted to RMB739.439 billion, representing an increase of 19.4% and 19.2%, respectively, over the same period in 2020.

Relatively Significant Increase in Residents' Income

In the first half of 2021, the per capita disposable income of residents in Shenzhen reached RMB37,026, representing an increase of RMB4,252, or a nominal increase of 13.0%, over the same period in 2020. Eliminating the effect of price change, the actual increase in the first half of 2021 was 12.9%, which was 3.2 percentage points higher than the growth rate of Shenzhen's GDP in the same period.

Economic Development Goals

In May 2021, the First Session of the Seventh Shenzhen Municipal People's Congress passed the 14th Five-Year Plan for National Economic and Social Development and Long-term Objectives of Year 2035 for Shenzhen (the “**14th Five-Year Plan for Shenzhen**”), which set forth the following main goals for Shenzhen's economic and social development during the 14th Five-Year Plan period (from 2021 to 2025):

- To be one of the leading cities globally in terms of economic power and development quality;
- To significantly improve its innovation capabilities;
- To substantially enhance its cultural soft power;
- To improve the welfare of the people to a new level;
- To improve the quality of the ecological environment to an internationally advanced level; and
- To substantially achieve the modernisation of the urban governance system and capability.

Key Economic Strategies

As stated in the 14th Five-Year Plan for Shenzhen, the city aims to adhere to the combination of the concepts of both prudent exploration and top-level design to achieve a series of major systematic breakthroughs that can be promoted and replicated in the reform of key areas and stages. Furthermore, Shenzhen aims to facilitate the system integration and efficient coordination in reform and to serve as an important model for national structural construction.

As stated in the 14th Five-Year Plan for Shenzhen, Shenzhen aims to thoroughly implement the strategy of expanding domestic demand, deepen the supply-side structural reform, improve the adaptability of supply to domestic demand and focus on promoting and creating new demand. It plans to accelerate the formation of a system of rules and regulations in line with the international standards and facilitate the efficient connection between, and the two-way opening of, domestic and international markets. Furthermore, Shenzhen aims to play a key role and provide strong support to Guangdong in its development strategies.

- To support the domestic economic cycle:
 - (1) ***Focusing on improving the quality of supply.*** Relying on the large scale of the domestic market, Shenzhen aims to deepen its ties to the domestic economy, strengthen its economic depth and connect production, distribution, circulation, consumption and other stages of the economy.
 - (2) ***Building an efficient and intensive national logistics hub system.*** Shenzhen plans to accelerate the development of smart logistics, bonded logistics and cold-chain logistics and the building of international logistics parks and professional logistics bases. It also aims to cultivate a group of world-class logistics platforms and modern logistics supply chain enterprises with global resource allocation capabilities.
 - (3) ***Becoming the hub for international conventions and exhibitions.*** Shenzhen aims to improve the operation and service levels of the convention and exhibition venues, explore the new model of “internet + exhibition” combining online and offline ends and promote an international, professional and brand-oriented exhibition industry.
 - (4) ***Vigorously expanding targeted and effective investment.*** Shenzhen aims to optimise the investment structure, promote the growth of investment and leverage the role of investment in expanding demand and optimising supply. It aims to increase investment in major industry projects, strengthen the potential of advanced manufacturing industries, promote enterprise

equipment renewal and technological transformation and strengthen the policy incentives for industrial investment.

- To connect internal and external dual circulation:
 - (1) ***Developing new types of international trade.*** Shenzhen strives to deepen the pilot program of innovative development of trade in services, build mechanisms for the promotion of trade in technologies, explore the potential administration of negative lists for cross-border trade in services and expand featured service export bases for testing and maintenance and bonded exhibition and trade. It aims to vigorously develop research and development contract outsourcing, software information services and other service trades.
 - (2) ***Accelerating the optimisation and upgrade of foreign trade.*** Shenzhen aims to strengthen general trade and encourage the extension of processing trade to both ends of the industrial chain. It plans to further consolidate the markets in developed countries, expand trade in emerging markets and formulate innovative models for international market development.
 - (3) ***Building an advanced two-way investment hub.*** Shenzhen aims to fully implement the administrative system of pre-establishment national treatment and negative lists with respect to foreign investment and ensure the national treatment of foreign-funded enterprises. It aims to encourage foreign investment in key fields of development, such as advanced manufacturing industries and emerging industries and support the establishment of foreign-funded research and development institutions.
 - (4) ***Building a more open pilot free trade zone.*** Shenzhen aims to promote the expansion of Qianhai Shekou Free Trade Zone benchmarked against the internationally advanced economic and trade standards and explore the potential construction of a full-scale free trade zone.
- To proactively participate in the Belt and Road Initiative:
 - (1) ***Deepening international economic, trade and production cooperation.*** Shenzhen aims to promote quality improvement and development of production capacity projects at overseas production parks in countries along the Belt and Road Initiative, encourage the combination of Shenzhen's advantages in manufacturing with the advantages of Hong Kong, Macao and international economic and trade networks, support the joint building or upgrading of overseas production parks by enterprises, and facilitate the construction of China-Myanmar Economic Corridor, China-Vietnam Economic and Trade Cooperation Zone, amongst others.
 - (2) ***Promoting infrastructure connectivity.*** Shenzhen aims to encourage enterprises to carry out international cooperation in the field of smart cities and participate in the construction of information infrastructure connectivity, so as to promote cooperation under the Digital Silk Road initiative and accelerate the construction and application of spatial information corridors.
 - (3) ***Strengthening cultural exchanges and cooperation.*** Shenzhen plans to actively participate in the multilateral and bilateral mechanisms of the Belt and Road Initiative and to strengthen exchanges in fields such as culture, tourism, education, talents, science and technology and medical care.
- To build an international consumption centre:
 - (1) ***Cultivating and expanding new consumption business models.*** Shenzhen aims to implement plans to expand domestic demand, promote consumption, lower the entry barrier for the service

consumption industry and improve the quality of consumption in the fields of culture, tourism, sports, health, education, elderly care and housekeeping.

- (2) ***Improving the consumption infrastructure.*** Shenzhen plans to promote the construction of business districts, including the Xiangmihu International High-end Consumption District, the Nanshan Houhai Mega Business District and Huaqiangbei Business District, promote the transformation and upgrading of Luohu Dongmen Pedestrian Street with high standards and promote the transformation of offline business entities to become more scenario-based, experience-based, interactive and integrated, thus creating a world-class landmark business district.
- (3) ***Deeply expanding the domestic consumption market.*** Shenzhen aims to further improve the mechanisms for domestic and foreign trade business qualifications and quality standards, as well as the mechanisms for inspection, quarantine, certification and accreditation. Furthermore, Shenzhen aims to promote the “same product line, same standard and same quality” for both domestically sold and exported goods, encourage communication between export enterprises and domestic trading enterprises and promote domestic sales of goods originally produced for export.
- (4) ***Improving the mechanism for promoting the consumption system.*** Shenzhen aims to optimise the layout of service outlets for departure tax rebate service, and put the “immediate refund upon purchase” mechanism into trial implementation. It plans to explore the possibility of establishing downtown duty-free businesses and international duty-free complex, promote the development of duty-free economy, lead overseas consumption back to the domestic market and attract foreign consumption.

Main Economic Indicators

According to the results of the consolidated GDP calculation of Guangdong Province, Shenzhen achieved a regional GDP of RMB2,767.024 billion in 2020, representing an increase of 3.1% over 2019. Among them, the value added of the primary industry was RMB2.579 billion, representing a decrease of 3.1% over 2019; the value added of the secondary industry was RMB1,045.401 billion, representing an increase of 1.9% over 2019; and the value added of the tertiary industry was RMB1,719.044 billion, representing an increase of 3.9% over 2019. The value added of the primary industry, secondary industry and tertiary industry accounted for 0.1%, 37.8% and 62.1% of the total GDP of Shenzhen, respectively.

The following table sets forth some of the main economic indicators of Shenzhen for 2016-2020.

Main Economic Indicators for 2016-2020

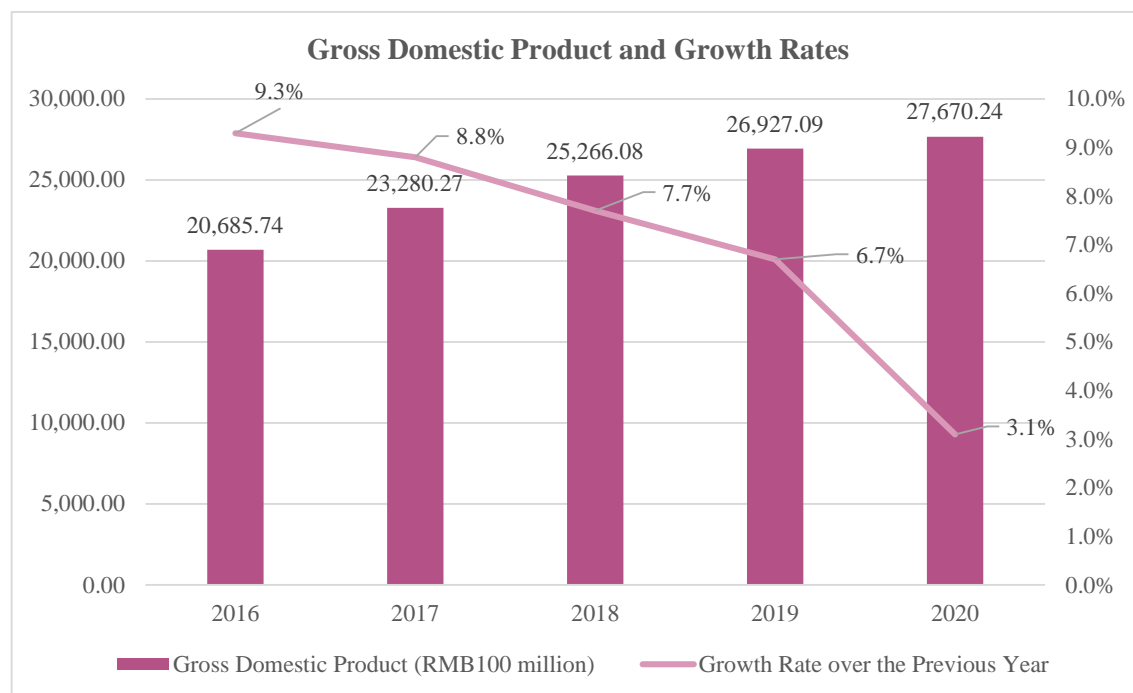
| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------------|------------|------------|------------|------------|
| Regional GDP (RMB in 100 million) ⁽¹⁾ | 20,685.74 | 23,280.27 | 25,266.08 | 26,927.09 | 27,670.24 |
| Total exports (US\$ in million) ⁽²⁾ | 237,546.74 | 244,357.90 | 246,041.11 | 242,123.99 | 245,310.50 |
| Total imports (US\$ in million) ⁽²⁾ | 160,892.18 | 169,788.06 | 207,688.10 | 189,351.68 | 195,496.60 |
| Total value of imports and exports (US\$ in million) ⁽²⁾ | 398,438.93 | 414,145.96 | 453,729.21 | 431,475.67 | 440,807.10 |
| Consumer price Index (preceding year = 100). | 102.4 | 101.4 | 102.8 | 103.4 | 102.3 |
| Industrial producer price index (preceding year =100)..... | 99.3 | 101.8 | 100.2 | 100.0 | 99.0 |

Notes:

- (1) Data in this table are calculated based on current prices. The Industrial Classification of the National Economy (GB/T 4754-2011) was introduced in 2013 -2017, the Industrial Classification of the National Economy (GB/T 4754-2017) was introduced from 2018. At the same time, according to the new GDP Accounting Methodology and the Third National Agricultural Census, the data of GDP from 1995 to 2016 have been revised.
- (2) The data of Shenzhen 2020 GDP is extracted from Shenzhen National Economic and Social Development Statistics Bulletin 2020.

Source: Shenzhen Statistical Yearbook 2020, Shenzhen National Economic and Social Development Statistics Bulletin 2020, Shenzhen Bureau of Statistics

The following table sets forth the GDP and growth rate of Shenzhen for 2016-2020.



Note:

- (1) Data in this table are calculated based on current prices. The Industrial Classification of the National Economy (GB/T 4754-2011) was introduced in 2013 -2017, and the Industrial Classification of the National Economy (GB/T 4754-2017) was introduced from 2018. At the same time, according to the new GDP Accounting Methodology and the Third National Agricultural Census, the data of GDP from 1995 to 2016 have been revised.

Source: Shenzhen Municipal Bureau of Statistics 2020 National Economic and Social Development Statistics Bulletin, Shenzhen Bureau of Statistics

Three Strata of Industries

The table below sets forth the value added, proportion and share of the contributions of the three strata of industries¹ in Shenzhen for the years 2016-2020.

¹ China's three strata industries means the following industries: the primary industry refers to agriculture, forestry, animal husbandry and fishery, excluding agriculture, forestry, animal husbandry and fishery services in agriculture, forestry, animal husbandry and fishery; the secondary industry refers to mining, manufacturing, power, gas and water production and supply, construction, excluding auxiliary activities in mining, as well as metal products, machinery and equipment repair in manufacturing; the tertiary industry refers to other industries except for the primary and secondary industries, including wholesale and retail, transportation, warehousing and postal services, accommodation and catering, information transmission, software and information technology services, finance, real estate, leasing and business services, scientific research and technical services, water conservancy, environment and public facilities management, resident services, repair and other services, education, health and social work, culture, sports and entertainment, public administration, social security and social organisations, international organisations, as well as agriculture, forestry, animal husbandry and fishery services in agriculture, forestry, animal husbandry and fishery, auxiliary activities in mining industry, and metal products, machinery and equipment repair in manufacturing.

The Value Added, Proportion and Share of the Contributions of the Three Strata of Industries in Shenzhen for 2016-2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------|-----------|-----------|-----------|-----------|
| Value added of primary industry (RMB in 100 million)..... | 8.28 | 19.57 | 22.61 | 25.20 | 25.79 |
| Proportion of primary industry value added (%) . | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Share of the contribution of primary industry value added (%)..... | N/A | 0.2 | 0.1 | 0.1 | -0.1 |
| Value added of secondary industry (RMB in 100 million)..... | 8,324.09 | 9,337.52 | 9,995.87 | 10,495.84 | 10,454.01 |
| Proportion of secondary industry value added (%)..... | 40.3 | 40.1 | 39.6 | 39.0 | 37.8 |
| Share of the contribution of secondary industry value added (%)..... | 36.6 | 42.1 | 49.1 | 30.6 | 25.5 |
| Value added of the tertiary sector (RMB in 100 million)..... | 12,353.36 | 13,923.18 | 15,247.60 | 16,406.06 | 17,190.44 |
| Value added of the tertiary sector as a proportion of the regional GDP (%)..... | 59.7 | 59.8 | 60.3 | 60.9 | 62.1 |
| Tertiary industry value added contribution (%)... | 63.4 | 57.7 | 50.8 | 69.3 | 74.6 |

Note:

(1) Industrial contribution rate refers to the proportion of the increment of every industrial value added to the increment of GDP.

Source: Shenzhen Statistical Yearbook 2020, Shenzhen National Economic and Social Development Statistics Bulletin 2020, Shenzhen Bureau of Statistics

In 2020, Shenzhen's high-tech manufacturing industry grew by 2.3% over 2019, and the value added of advanced manufacturing industry grew by 3.9% over 2019. In the service industry, the value added of the city's modern service industry amounted to RMB1,308.435 billion in 2020, representing an increase of 6.4% year-on-year. The value added of the financial industry amounted to RMB418.963 billion, representing an increase of 9.1% year-on-year. The value added of information transmission, software and information technology services amounted to RMB288.349 billion, representing an increase of 11.3% year-on-year and making it the main driving force of the growth of modern service industry.

In terms of strategic emerging industries, the value added of strategic emerging industries in 2020 amounted to RMB1,027.272 billion, representing an increase of 3.1% year-on-year and accounting for 37.1% of the GDP of Shenzhen. Among them, the value added of the new-generation information technology industry amounted to RMB 489.345 billion, representing an increase of 2.6% year-on-year. The value added of the digital economy industry amounted to RMB160.103 billion, representing a decrease of 0.2% year-on-year. The value added of the high-end equipment manufacturing industry amounted to RMB138.069 billion, representing an increase of 1.8% year-on-year. The value added of the green and low-carbon industry amounted to RMB122.704 billion, representing an increase of 6.2% year-on-year. The value added of the marine economy industry was RMB42.776 billion, representing an increase of 2.4% year-on-year. The value added of the new materials industry was RMB33.450 billion, representing a decrease of 0.2% year-on-year. The value added of the biomedical industry was RMB40.825 billion, representing an increase of 24.4% year-on-year.

Innovative industries

Shenzhen is built for innovation. It witnessed China's first stock issuance and first land auction. Shenzhen has been on the forefront of China's economic reform since the establishment of the special economic zone.

Shenzhen's innovation capabilities are constantly growing. The National Gene Bank was put into operation in Shenzhen, becoming one of the largest gene banks in the world. There are 11 laboratories led by Nobel Prize, Turing Prize, and Fields Medal laureates, 12 newly established fundamental research institutions, five manufacturing innovation centres and ten overseas innovation centres in Shenzhen. In addition, the constructions of Guangdong's provincial laboratories such as the Shenzhen Bay Laboratory have made significant breakthroughs. In 2019, 85 new municipal level and above innovative entities of various types were recognised. As at the end of June 2020, there were a total of 2,642 innovative entities of this kind in Shenzhen. Shenzhen won 20 national science and technology awards in 2019, setting the best record in Shenzhen's history. Shenzhen has focused on the "seven major aspects" to accelerate the development of high and new technology industries, as well as on the strategic planning of 5G, artificial intelligence, 4K/8K ultra-high-definition video, integrated circuits, biomedicine and other industries. Shenzhen was approved to build a national artificial intelligence innovation application pilot zone. The new display devices, intelligent manufacturing equipment and artificial intelligence industries were selected into the national strategic emerging industry cluster development project. The value added of emerging industries increased by 8.8%, and the value added of advanced manufacturing accounted for more than 70% of the value added of industrial output above designated size.

Innovative industries continue to grow in Shenzhen. The national high-tech zone ranked second overall in the country, whereby the sustainable development capability index ranked first; the planning and construction have been expedited for Guangming Science City, Shenzhen Bay Super Headquarters Base, Xili Lake International Science and Education City, Liuxiandong Strategic Emerging Industry Headquarters Base, Bao'an "Internet +" Future Science and Technology City, Longgang Apollo Future Industrial City, and Pingshan Julongshan Intelligent Manufacturing Future Industrial Cluster. Events such as the 19th China Hi-Tech Fair, the 1st China Shenzhen Innovation and Entrepreneurship International Competition, the National University Net Security League Finals, the global debut of intelligent bus, China Quality (Shenzhen) Conference, Global Youth Innovation Training Camp, Shenzhen Smart City Forum with International Friendship Cities were all successfully held. In 2020, the number of national high and new technology enterprises reached 18,600.

Price index

In 2020, the consumer price for the whole year increased by 2.3% over 2019, the industrial producer price fell by 1.0% over 2019, and the industrial purchasing price fell by 1.2% over 2019.

The following table sets forth the various price index for 2016-2020.

Various Price Index for 2016-2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------|-------|
| Consumer Price Index (preceding year = 100) | 102.4 | 101.4 | 102.8 | 103.4 | 102.3 |
| Industrial producer price index (preceding year = 100) | 99.3 | 101.8 | 100.2 | 100.0 | 99.0 |
| Industrial purchasing price index (preceding year = 100) | 98.3 | 103.4 | 102.4 | 99.4 | 98.8 |

Source: Shenzhen Statistical Yearbook 2020, Shenzhen Bureau of Statistics

Investment in Fixed Assets

In 2020, investment in fixed assets for the whole year increased by 8.2% over the previous year. Among them, investment in real estate development increased by 16.4% over the previous year and investment in non-real estate development increased by 2.3% over the previous year. In terms of investor identity, investment by state-owned entities increased by 13.0% over the previous year, private investment increased by 14.5% over the

previous year, investment by Hong Kong, Macao and Taiwan businesses decreased by 17.7% over the previous year, and foreign investment decreased by 14.3% over the previous year.

The table below shows the growth rate of investment in fixed assets in Shenzhen in 2016-2020.

| Growth Rate of Investment in Fixed Assets for 2016-2020 | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Growth rate of investment in fixed assets (%) | 23.6 | 23.8 | 20.6 | 18.8 | 8.2 |
| Growth rate of investment in real estate development (%) | 32.0 | 21.6 | 23.6 | 15.9 | 16.4 |
| Growth rate of investment in non-real estate development (%) | 18.0 | 25.4 | 18.4 | 21.0 | 2.3 |

Source: Shenzhen Statistical Yearbook 2020, Shenzhen National Economic and Social Development Statistics Bulletin 2020, Shenzhen Bureau of Statistics

Population

According to the results of the Seventh National Population Census, the permanent population of the city as at 12 a.m., 1 November 2020 was 17,560,061.

As at 12 a.m., 1 November 2020, among the permanent population of the city, 9,665,243, or 55.04%, were male, and 7,894,818, or 44.96%, were female. The gender ratio of the total population (number of males per 100 females) increased to 122.43 from 118.23 in the Sixth National Census in 2010.

As at 12 a.m., 1 November 2020, among the permanent population of the city, 2,653,381, or 15.11%, were 0-14 years of age; 13,965,964, or 79.53%, were 15-59 years of age; 940,716, or 5.36%, were 60 years old or older; and 565,217, or 3.22%, were 65 years old or older. Compared with the results of the Sixth National Census in 2010, the proportion of the population aged 0-14 increased by 5.14%, the proportion of the population aged 15-59 fell by 7.5%, the proportion of the population aged 60 or older increased by 2.36%, and the proportion of the population aged 65 or older increased by 1.39%.

As at 12 a.m., 1 November 2020, among the permanent population of the city, 5,065,927 had university level (including junior college and above) education, 3,634,058 had high school level (including technical secondary school) education, 5,482,194 had junior high school education, and 2,021,505 had primary education (each above mentioned category includes students graduated from, dropped out or enrolled in all schools of the corresponding level). Compared with the results of the Sixth National Census in 2010, the number of people with a university education per 100,000 people rose from 17,545 to 28,849; those with a high school education dropped from 23,799 to 20,695; those with a junior high school education dropped from 44,107 to 31,220; and those with primary school education rose from 9,036 to 11,512.

Employment and Wages

According to the feedback from the State Bureau of Statistics and the Bureau of Statistics of Guangdong Province, the average annual salary of employees in urban non-private sector in Shenzhen was RMB137,310 in 2020, representing an increase of 9.3% over 2019. Among them, the average annual salary of workers in urban non-private sector was RMB139,436, representing an increase of 9.1% over 2019. Eliminating the effect of price change, the average annual salary of urban non-private sector employees and workers in Shenzhen increased by 6.8% and 6.6%, respectively, in 2020. According to a sampling survey of urban private sector, the average annual salary of employees in urban private sector in Shenzhen in 2020 was RMB74,597.

The following table sets forth the urban unemployment rate in Shenzhen for 2016-2020.

Urban Unemployment Rate for 2016-2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|------|------|------|------|------|
| Urban unemployment rate (%)..... | 2.33 | 2.20 | 2.30 | 2.18 | 2.49 |

Source: Shenzhen Statistical Yearbook 2020, Shenzhen National Economic and Social Development Statistics Bulletin 2020, Shenzhen Bureau of Statistics

The following table sets forth the composition of the employed persons of Shenzhen by the three strata of industries in 2016-2019.

Composition of Employed Persons for 2016-2019

| | 2016 | 2017 | 2018 | 2019 |
|--------------------------|-----------------------|----------|----------|----------|
| | (10 thousand persons) | | | |
| Employed persons..... | 1,165.73 | 1,229.26 | 1,291.31 | 1,283.37 |
| Primary industry | 0.11 | 1.75 | 1.58 | 1.30 |
| Secondary industry | 478.66 | 496.04 | 514.74 | 509.33 |
| Tertiary industry | 686.95 | 731.47 | 775.00 | 772.74 |

Note:

(1) The number of employed persons in 2011-2018 has been revised in accordance with the results of the Fourth National Economic Census.

Source: Shenzhen Statistical Yearbook 2020, Shenzhen Bureau of Statistics

Residents' Income and Consumption

In 2020, the per capita disposable income of residents of Shenzhen was RMB64,878, representing an increase of 3.8% over the previous year. In 2020, the per capita consumption expenditure of the residents was RMB40,581, representing a decrease of 5.9% from the previous year. The Engel coefficient in 2020 was 30.8%.

The following table sets forth the income and expenditure of Shenzhen residents for 2016-2020.

The Income and Expenditure of Shenzhen Residents in 2016-2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|--------|--------|
| Per capita disposable income (RMB)..... | 48,695 | 52,938 | 57,544 | 62,522 | 64,878 |
| Per capita disposable income of residents increase (%) over the preceding year..... | 9.1 | 8.7 | 8.7 | 8.7 | 3.8 |
| Per capita consumption expenditure (RMB).... | 36,481 | 38,320 | 40,535 | 43,113 | 40,581 |
| Per capita consumption expenditure of residents increase (%) over the preceding year | 12.7 | 5.0 | 5.8 | 6.4 | -5.9 |

Source: Shenzhen Statistical Yearbook 2016-2020, Shenzhen National Economic and Social Development Statistics Bulletin 2020, Shenzhen Bureau of Statistics

Foreign Economic Cooperation

In 2020, 4,434 contracts for direct foreign investments were newly signed, representing a decrease of 24.4% over the previous year; the amount of direct foreign investments actually utilised was US\$8.683 billion, representing an increase of 11.2% over the previous year.

The table below sets forth the direct foreign investments of Shenzhen for 2016-2020.

Direct Foreign Investments of Shenzhen for 2016 to 2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|--------|-------|-------|
| Number of the Signed Agreements and Contracts for Direct Foreign Investments | 4,132 | 6,757 | 14,834 | 5,867 | 4,434 |
| Amount of Direct Foreign Investments Actually Used (U.S.\$100 million) | 67.32 | 74.01 | 82.03 | 78.09 | 86.83 |

Source: Shenzhen Statistical Yearbook 2020, Shenzhen National Economic and Social Development Statistical Bulletin, Shenzhen Bureau of Statistics

Ecological Environment Governance

Shenzhen has taken the lead in exploring climate change legislation in local laws and regulations, and incorporated it into the Shenzhen Special Economic Zone Ecological Environmental Protection Regulations to further clarify the main responsible parties and division of work and build a new system of climate governance. Shenzhen has taken the lead in promulgating the Shenzhen Special Economic Zone Green Finance Regulations, the first green finance regulation in China, which makes “confronting climate change” the priority of concern, helping Shenzhen to achieve its peak carbon emissions and carbon neutral goals.

In terms of strategic planning, Shenzhen has incorporated addressing climate change as an important part of its overall coordination of ecological environmental protection. The Outline of Shenzhen’s First Model of Building a Beautiful China (2020-2035) incorporates climate change related indicators into the indicator system and focuses on the deployment of main tasks related to climate change.

In 2020, the ecological environment in Shenzhen continues to improve. For instance, water pollution control results continue to consolidate. Shenzhen’s 159 black and odorous water bodies and 1,467 small and micro black and odorous water bodies have been gradually eliminated, and the water quality of the sample assessment sections of the five major rivers have all reached Class IV of surface water and above, with the water quality of Maozhou River and Shenzhen River reaching the best level since 1992 and 1982, respectively. The world’s largest sludge harmless disposal project was put into use, realising the target of daily harmless disposal of sludge in Shenzhen. In 2020, Shenzhen’s daily sewage treatment capacity increased by 185,000 tons. A total of 1,200 communities and villages in the city have been thoroughly reconstructed, and 57 kilometres of hidden culverts have been renovated. The construction of a model city for water conservation was accelerated, and the water consumption per RMB10,000 of GDP dropped by 5.9% in 2020. Air quality continued to improve. In 2020, 66,000 obsolete vehicles were eliminated, more than 76,000 alternative fuel vehicles were newly promoted, and the total number of vehicles reached 397,000. The average PM2.5 concentration dropped to 19 micrograms per cubic metre in 2020, reaching international advanced level. The urban environment has become more beautiful and liveable. In 2020, Shenzhen newly built and/or renovated 97 parks, including Nanshan Xili Ecological Park and Guangming Park, and built 120 kilometres of ecological corridors along the water. In 2020, Shenzhen’s utilisation rate of domestic waste classification and recycling reached 41.0%, and the safe disposal rate of all kinds of solid waste reached 100%. The performance evaluation of the pilot sponge city of Shenzhen was the first in the country. Shenzhen was among the fourth batch of demonstration cities for national ecological progress in 2020, and was the first sub-provincial level city in China to achieve this result in its entire jurisdiction.

FOREIGN TRADE

Recent Developments

In the first half of 2021, Shenzhen's total imports and exports was RMB1,592.834 billion, representing an increase of 19.3% over the previous year. Among them, total exports were RMB853.396 billion, representing an increase of 19.4% over the previous year, and total imports were RMB739.439 billion, representing an increase of 19.2% over the previous year. The export of mechanical and electrical products increased by 27.5% over the same period of the previous year, accounting for 80.0% of total exports. General trade imports and exports accounted for 50.6% of total imports and exports, and private enterprise's imports and exports accounted for 61.3% of total imports and exports.

Foreign Trade

In 2020, Shenzhen's total imports and exports was RMB3.1 trillion, representing an increase of 2.4% over the previous year. The rate of growth was 3.0 percentage points higher than the total imports and exports growth rate in 2019. Among them, total exports, driven by the export of products related to the "stay at home" economy and pandemic prevention, reached RMB1.7 trillion, representing an increase of 1.5% over the previous year, ranking first among all Chinese mainland cities for 28 consecutive years. Total import was RMB1.4 trillion, representing an increase of 3.6% over the previous year, ranking third among all cities in China.

The table below sets forth the imports and exports of goods in Shenzhen for 2016-2020.

The Imports and Exports of Goods

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|-----------|-----------|---------------------|-----------|-----------|
| | | | | | |
| | | | (In RMB100 million) | | |
| Goods Trading | | | | | |
| Amount of Exported Goods | 15,680.40 | 16,533.57 | 16,274.69 | 16,708.95 | 16,972.66 |
| Amount of Imported Goods | 10,626.61 | 11,477.89 | 13,709.05 | 13,064.92 | 13,529.86 |

Source: Shenzhen National Economic and Social Development Statistical Bulletin from 2016 to 2020, Shenzhen Bureau of Statistics

In 2020, Shenzhen's annual imports and exports to the countries and regions along the Belt and Road Initiative reached RMB673.47 billion, representing an increase of 2.1% over the previous year, reaching a new record high since the Belt and Road Initiative was proposed. Shenzhen's imports and exports with the Association of Southeast Asian Nations ("ASEAN"), Japan, South Korea, Australia, New Zealand and other parties under the Regional Comprehensive Economic Partnership ("RCEP") Agreement (14 countries in total) was RMB823.28 billion, representing an increase of 4.1% over the previous year.

The table below sets forth the imports and exports of Shenzhen's foreign trade with key countries and regions for the years 2016-2020.

The Geographical Distribution of Foreign Trade

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <i>Exports</i> | <i>Imports</i> | <i>Exports</i> | <i>Imports</i> | <i>Exports</i> | <i>Imports</i> | <i>Exports</i> | <i>Imports</i> | <i>Exports</i> | <i>Imports</i> |
| | (In RMB100 million) | | | | | | | | | |
| Imports and Exports with Key Countries and Regions | | | | | | | | | | |
| Hong Kong, China | 6,887.62 | 70.40 | 6,489.68 | 54.32 | 6,758.33 | 49.46 | 6,405.59 | 53.33 | 6,031.17 | 76.63 |
| United States | 2,099.87 | 409.64 | 2,531.53 | 390.42 | 2,383.94 | 380.29 | 2,320.50 | 330.52 | 2,749.34 | 330.54 |
| Japan | 444.20 | 886.07 | 485.88 | 901.39 | 483.73 | 981.73 | 509.76 | 916.88 | 552.66 | 948.83 |
| European Union ⁽¹⁾ | 1,945.15 | 542.94 | 2,136.25 | 612.63 | 2,064.51 | 651.18 | 2,372.01 | 730.66 | 2,092.83 | 704.66 |

Note:

(1) There were 28 European Union countries from 2016 to 2019, and 27 European Union countries in 2020 (excluding the United Kingdom).

Source: Shenzhen National Economic and Social Development Statistical Bulletin from 2016 to 2020, Shenzhen Bureau of Statistics

FINANCIAL SYSTEM

Banking Industry

As at the end of December 2020, the banking industry in Shenzhen had total assets of RMB10.4 trillion, representing an increase of 16.6% year-on-year, ranking third among the large and medium-sized cities in China. As at the end of 2020, Shenzhen's balance of deposits denominated in domestic and foreign currencies was RMB10.2 trillion, and the balance of loans denominated in domestic and foreign currencies was RMB6.8 trillion. In terms of sectors, loans to the corporate sector grew rapidly, with balances increasing by 15.9% year-on-year. As at the end of 2020, the balance of non-performing loans in the Shenzhen banking industry was RMB102.35 billion, representing an increase of RMB26.49 billion since the beginning of the year; the non-performing loan ratio was 1.48%, representing an increase of 0.23% since the beginning of the year. As at the end of 2020, the asset impairment provisions of the banking industry accounted for 2.76% of all loans, representing a 0.05 percentage point increase from the end of 2019.

Securities Industry

As at the end of 2020, Shenzhen's 23 securities companies had total assets of RMB2.2 trillion, achieved annual operating income of RMB110.37 billion and net profit of RMB41.42 billion in the aggregate, taking lead positions amongst securities companies in China. There were 31 fund companies in Shenzhen, second only to Beijing and Shanghai in number, with operating income and net profit of RMB29.90 billion and RMB8.15 billion in the aggregate, respectively.

- In 2020, Shenzhen's securities companies assisted in the registration-based listing reform, providing services for 607 IPO projects on the Sci-tech Innovation Board and ChiNext, accounting for 31.0% of the total number of IPOs in China. Shenzhen intellectual property securitisation business achieved breakthroughs, with multiple business models becoming the first of their respective types in China. As at the end of 2020, there were ten intellectual property securitisation projects in which Shenzhen's securities and fund institutions acted as managers, global coordinators, or where Shenzhen's enterprises acted as original stakeholders, and the amount of approved shelf issuances exceeded RMB12 billion while total issuances have reached RMB3.67 billion.
- The business scale of the asset management industry continued to expand. As at the end of 2020, the total asset under management of Shenzhen's securities and futures industry exceeded RMB13 trillion (including brokerage asset management, futures asset management, public and non-public offering funds and private equity institution asset management business), which accounted for a quarter of the total assets under management in China. Among them, the assets of public fund were RMB5.2 trillion and the assets of non-public funds in Shenzhen were RMB2.9 trillion. As at the end of 2020, there were 4,472 private equity fund managers and 16,380 private equity funds filings in Shenzhen. The paid-in scale was RMB2.0 trillion, ranking third in China after Beijing and Shanghai.

Insurance industry and social financing

- The insurance business structure was improved, and the social security function was enhanced. As at the end of 2020, Shenzhen had 27 insurance entities in total, and the number of entities ranked third among large and medium-sized cities across the country.
- Social financing increased year-on-year, and the structure continued to improve. In 2020, Shenzhen's social financing increased by RMB1.4 trillion, an increase of RMB407.80 billion year-on-year.
- Capital markets financing has grown substantially, and the capital markets developed steadily on multiple levels. As at the end of 2020, there are 333 domestically listed companies in Shenzhen, representing an increase of 34 over the previous year. The total market capitalisation of listed companies

amounted to RMB9.1 trillion, second only to Beijing. Companies raised RMB124.87 billion from domestic A shares equity markets in 2020, which was 3.9 times of the amount in 2019, and RMB12.91 billion was raised through the issuance of H shares in 2020. Fundraising via the interbank bonds market amounted to RMB357.41 billion, of which RMB10.2 billion was raised from short-term financing notes and RMB103.45 billion was raised from medium-term notes. As at the end of 2020, Shenzhen had a total of 428 companies listed on the National Equities Exchange and Quotations, ranking sixth in the country in terms of number.

PUBLIC FINANCE

Shenzhen Finance Bureau The primary responsibilities of Shenzhen Finance Bureau include:

- (1) the implementation of policies, laws, regulations and relevant systems with respect to, amongst others, management of state-owned assets, accounting management and government procurement promulgated by national and provincial fiscal, taxation and administrative institutions; drafting local level regulations on management of state-owned assets, accounting management, government procurement for fiscal and administrative institutions; drafting the Shenzhen municipal fiscal and tax policies, plans and financial budget management system and the implementation plans of the municipal and district financial system, and implementing such policies, plan and systems after approval; participating in the formulation of macroeconomic policies and providing advice on the use of fiscal and taxation policies to implement macroeconomic control and comprehensively balance various government financial resources.
- (2) being responsible for the management of municipal fiscal revenue and expenditure; preparing the draft of the municipal annual budget and budget adjustment plan, and organising the implementation of the overall municipal budget; drafting municipal revenue budget; managing local fiscal revenue, taking the lead to report to the Shenzhen Municipal People's Congress and higher-level authorities on the implementation of Shenzhen's state-owned asset management and overseeing the administrative institutions' state-owned assets, financial bills and confiscated materials by the government; formulating the scope and general standards of budget expenditure of the administrative institutions, reviewing and approving the budget and final accounts of municipal level administrative institutions, and supervising their financing activities.
- (3) preparing and implementing the local fiscal treasury management system, coordinating of the dispatch of municipal fiscal funds, and being responsible for the treasury cash management; supervising revenue and expenditure as well as investment and operation of social insurance fund; being responsible for the municipal government investment guiding fund related work.
- (4) coordinating and promoting the municipal budget performance management; supervising government procurement activities.
- (5) managing local government debt; being responsible for the management of loans and/or donation from international financial organisations and foreign governments to Shenzhen in accordance with regulations; managing non-trade and non-operating foreign exchange purchases by administrative institutions.
- (6) managing the municipal accounting work; supervising the municipal industry of certified public accountant and asset evaluation industry; strengthening the building of the Communist Party of China for the industry of certified public accountant.
- (7) organising and implementing the audit for settlement and final accounts for the projects sponsored by municipal fiscal funds, and organising and implementing fund use survey with respect to the projects sponsored by municipal fiscal funds; reviewing and supervising audit reports issued by third-party service providers on the projects sponsored by municipal fiscal funds; handling the financial final accounts approval for the projects sponsored by municipal fiscal funds.
- (8) accomplishing other tasks assigned by the Shenzhen Municipal Party Committee, the Shenzhen Municipal People's Government and other higher-level authorities.
- (9) deepening the reform of the budget management system, exploring new financial management, promoting all departments to fully adopt the main responsibilities of budget preparation, implementation, and supervision and establishing a standardised, transparent, scientific and binding budget system at full

scale; fully implementing the budget performance management system, improving the efficiency of the supply of fiscal funds and the use of efficiency and promoting sustainable development of public finance.

Implementation of Fiscal Policy

- *Implementation of targeted business assistance policies to stimulate economic recovery.* Shenzhen implemented tax relief and fee reduction policies as well as localised and targeted relief. Leveraging the favourable fiscal policies, Shenzhen expedited the resumption of work and production. In 2020, Shenzhen provided over RMB110 billion of relief to businesses via tax relief, fee reduction and other business assistance initiatives. Furthermore, Shenzhen received funds in the aggregate amount of RMB15.2 billion directly from the central government for public benefit and business support, almost all of which had been utilised by the end of 2020. Such funds have benefited approximately 43,000 enterprises and 3.1 million people. To help small and medium enterprises raise funds at a reasonable cost, Shenzhen has expanded and upgraded the risk compensation funding pool for small, medium and micro enterprises bank loans. The loans available in such funding pool have increased significantly to RMB550 billion, benefiting 147,000 businesses.
- *Diversification of funding channels to resolve budget constraints.* Facing the challenges of declining fiscal revenue and substantial increases in expenditures to contain the pandemic and maintain steady growth, Shenzhen has broadened its funding sources proactively. Shenzhen efficiently utilised the government funds, assets and resources and generated non-tax revenues through multiple channels, which helped Shenzhen's general public budget revenue to increase by 5.5% in 2020. Furthermore, in 2020, Shenzhen Municipality actively lobbied for quota of local government bonds and special treasury bonds to combat the pandemic, obtaining new bonds issuance quota totalling of RMB48.2 billion approval by the Ministry of Finance. The proceeds from the bonds were mainly deployed in key areas such as water pollution control, health and transportation infrastructure, which effectively drove the growth of fixed assets investment in Shenzhen.
- *Optimisation of fiscal expenditure structure, focusing on ensuring people's livelihood expenditures and encourage innovation.* Shenzhen has strengthened its public finances and increased basic public welfare expenditures. The focus is on efficient budget management whereby sufficient funds are provided for key areas while saving unnecessary expenses generally. When preparing the budget for the year 2020, the expenditures were reduced by RMB19.02 billion, the three public expenses, which are government expenses for overseas trips, food and entertainment and public vehicles, were reduced by 5%, and the expense for conferences was reduced by 20%. In the implementation of the budget for the year 2020, Shenzhen deployed a total of RMB33.18 billion for key areas that are critical for pandemic prevention and control as well as economic and social development. Furthermore, Shenzhen increased fiscal expenditures on people's livelihood, and Shenzhen's nine major categories of public welfare expenditures amounted to RMB283.9 billion, amongst which education expenditure reached RMB85.1 billion, ranking first among first-tier cities and ranking among the top in the country in terms of per-pupil funding. Shenzhen municipal health expenditure was RMB44.1 billion, representing a year-on-year increase of 31.5%. The average fiscal investment of public hospitals accounted for 32% of Shenzhen's total revenue, ranking first in China. Shenzhen granted RMB5.86 billion as unemployment insurance premium refunds, which benefits 530,000 enterprises. Furthermore, in support of scientific and technological innovation, Shenzhen has allocated RMB13.4 billion as scientific and technological research and development funds, 37% of which is invested in the field of basic research and the relevant application. The preferential individual income tax policies are introduced for overseas high-end talents and talents in areas where there are shortages, in order to enhance Shenzhen's competitiveness in recruiting talents. Also, Shenzhen proactively sought to manage financial risks, engage in targeted poverty alleviation and control pollution. The risk from local government debt is strictly monitored and

controlled, and the legitimate debt ratio of the Shenzhen Municipal People's Government is far below the threshold of debt metrics.

- *Prioritisation of pandemic prevention and control expenditures to support the fight against COVID-19.* Shenzhen regards pandemic prevention and control as the most important and urgent task, and aims to ensure that patient treatment, pandemic prevention and control will be sufficiently funded. Shenzhen was one of the first in China to launch emergency fund allocation mechanism, and to establish a “green channel” for pandemic prevention procurement while swiftly launching a simplified government procurement procedure for emergencies. Shenzhen also took the lead to implement policies for patient treatment. To ensure sufficiency of funding in the fight against the pandemic, Shenzhen utilised RMB8.77 billion in 2020 as pandemic prevention and control funds, primarily for the purposes of medical treatment, subsidies for staff involved in pandemic prevention and control, the relevant equipment and materials, medical institution construction and other areas.

On 19 May 2021, the First Session of the Seventh Shenzhen Municipal People's Congress reviewed and approved the Report on the Implementation of the Shenzhen Budget in 2020 and the Draft Budget for the year 2021 as well as the Shenzhen municipal budget for the year 2021.

Local Government Budgets

In the first half of 2021, Shenzhen's local general public budget revenue was RMB235.251 billion, representing a year-on-year increase of 15.8%, which is 0.8 percentage points higher than the increase in the first quarter. Tax revenue accounted for 82.9% of budget revenue, representing an increase of 4.6 percentage points from the same period last year. The local general public budget expenditure in Shenzhen was RMB226.373 billion, representing a year-on-year increase of 14.4%.

General public budget

According to Shenzhen's 2021 budget and in comparison with the implementation figure of 2020, in 2021, Shenzhen's general public budget revenue would be RMB405.0 billion, representing an increase of 5% over the implementation figure in 2020. Out of the general public budget revenue, tax revenue accounted for RMB330.5 billion, representing an increase of 7.0%; non-tax revenue accounted for RMB74.5 billion, representing a decrease of 3.2%. Adding in the various transfer revenues, the total public budget revenue would be RMB567.5 billion. In accordance with the principle of balancing income and expenditure, the corresponding expected total expenditure of Shenzhen's public budget would be RMB567.5 billion. In 2021, the municipal-level general public budget revenue is expected to be RMB229.4 billion, representing a decrease of 2.7%, of which tax revenue accounts for RMB175 billion and non-tax revenue accounts for RMB54.4 billion. Adding in the various transfer revenues such as carryover revenues from the previous year, system settlement income and transferred funds, the general public budget total revenue is RMB326.4 billion, an increase of 4.1%. In accordance with the principle of balancing income and expenditure, the city's total public budget expenditures were RMB326.4 billion, whereby municipal-level expenditures account for RMB234.28 billion, the expenditures handed over¹ to the central government and provincial account for RMB42.0 billion, district-level expenditure subsidies account for RMB47.96 billion, and government bond repayment expenditures account for RMB2.16 billion.

¹ “Hand-over amount” refer to the lower-level fiscal department hands over the amount to the higher-level fiscal department pursuant to the relevant laws, regulations and the provisions of fiscal system, among which, the hand-over amounts from the local fiscal to the central fiscal mainly include the system hand-over amounts, the local fiscal's proportion of the export tax rebate exceeding the cardinal number, special hand-over amounts, and the hand-over amounts based on the cardinal number relating to business tax transferring to value-added tax. The hand-over amounts from the municipal-and-county-level fiscal to the provincial-level fiscal mainly include the system hand-over amounts, the special hand-over amounts of the export tax rebate, hand-over amounts relating to the transfer between the enterprise and institutions, the hand-over amounts relating to tax allocation between the headquarters and branches and other special hand-over amount.

The following table sets forth the breakdown of revenue and expenditure of the Shenzhen Municipal People's Government for 2016-2020.

Shenzhen General Public Budget Revenue and Expenditure

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------------|----------|----------|----------|----------|
| | (In RMB100 million) | | | | |
| General public budget revenue | | | | | |
| Tax revenue | 2,488.88 | 2,654.89 | 2,899.63 | 3,067.86 | 3,087.46 |
| Non-tax revenue | 647.61 | 677.24 | 638.81 | 705.52 | 770.00 |
| Total | 3,136.49 | 3,332.13 | 3,538.44 | 3,773.38 | 3,857.46 |
| General public budget expenditure | | | | | |
| Total | 4,211.04 | 4,593.80 | 4,282.56 | 4,552.73 | 4,178.42 |

Source: Shenzhen Statistical Yearbook 2020, Shenzhen Finance Bureau

In the first half of 2021, Shenzhen's general public budget revenue reached RMB235.251 billion, representing an increase of 15.8% over the same period in 2020.

General public budget revenue

General public budget revenue refers to the revenue obtained by the state finance from participating in the distribution of social products, and is the funding source for the realisation of state functions. It mainly includes various tax revenue and non-tax revenue.

General public budget revenue of local government at all levels includes local-level revenue, tax rebates and transfer payments from higher-level governments and revenue turned over by lower-level governments. In 2020, general public budget revenue in Shenzhen was RMB978.9 billion, representing an increase of 3.9% compared to the same period last year. Amongst which, the central-level revenue was RMB593.2 billion, representing an increase of 5% compared to the same period last year; local-level revenue was RMB385.7 billion, representing an increase of 2.2% compared to the same period last year.

Tax income

The table below shows the breakdown of tax revenue of Shenzhen for 2016-2020.

| | Tax Revenue | | | | |
|-----------------------------------|---------------------|----------|----------|----------|----------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| | (In RMB100 million) | | | | |
| Value-added tax | 650.95 | 986.07 | 1,046.97 | 1,047.24 | 1,060.82 |
| Business tax ⁽¹⁾ | 363.94 | N/A | N/A | N/A | N/A |
| Enterprise income tax | 569.52 | 667.85 | 680.62 | 747.81 | 675.15 |
| Personal income tax | 304.75 | 334.33 | 373.43 | 296.27 | 366.38 |
| Other tax revenue | 599.72 | 666.64 | 798.61 | 976.54 | 985.11 |
| Total tax revenue | 2,488.88 | 2,654.89 | 2,899.63 | 3,067.86 | 3,087.46 |

Note:

- (1) Since 1 May 2016, the reform of value-added tax in lieu of business tax was rolled out nationwide and extended to all sectors. As a result, all business tax taxpayers now have to pay value-added tax instead of business tax.

Source: Shenzhen Statistical Yearbook 2020, Shenzhen Finance Bureau

In the first half of 2021, the total tax revenue was RMB194.936 billion, representing an increase of 22.7% over the same period in 2020.

Non-tax revenue

This comprises special income, administrative fees, penalty income and other income.

The table below shows the breakdown of Shenzhen municipal non-tax revenue for 2016-2020, excluding other income.

| | Non-Tax Revenue | | | | |
|--------------------------|----------------------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| | <i>(In RMB100 million)</i> | | | | |
| Special income..... | 382.34 | 372.13 | 389.17 | 341.71 | 323.49 |
| Administrative fees..... | 27.98 | 26.79 | 34.15 | 37.40 | 36.34 |
| Penalty income | 24.90 | 33.92 | 47.07 | 40.27 | 45.16 |

Source: Shenzhen Statistical Yearbook 2020, Shenzhen Finance Bureau

General public budget expenditure

General public budget expenditure means that the deployment of funds raised and allocated by the state financial departments to meet the needs of economic development and various undertakings.

In 2020, Shenzhen's general public budget expenditure was RMB417.842 billion, representing an 8.2% decrease year-on-year. Shenzhen continues to increase financial support for public welfare to meet the growing needs of the people for a better life. Spending in the nine major categories of public welfare amounted to RMB283.924 billion, amongst which, expenditure on education, health, housing security and transportation increased by 18.8%, 31.5%, 36.1% and 37.9% as compared to the same period last year.

In the first six months of 2021, general public budget expenditure amounted to RMB226.373 billion, representing an increase of 14.4% over the same period in 2020.

The following table sets forth the breakdown of the general public budget expenditure in Shenzhen for 2016-2020.

| | General Public Budget Expenditures | | | | |
|---|---|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| | <i>(In RMB100 million)</i> | | | | |
| Education | 414.73 | 509.10 | 584.51 | 716.55 | 850.80 |
| Culture, sports, tourism and the media..... | 54.79 | 57.12 | 65.91 | 66.99 | 100.41 |
| Social security and employment | 105.45 | 239.72 | 197.75 | 176.98 | 97.36 |
| Health care | 201.27 | 244.23 | 281.50 | 335.49 | 441.10 |
| Energy efficient and environmentally friendly | 140.24 | 213.04 | 252.49 | 331.63 | 229.83 |
| Urban and rural community | 558.49 | 982.96 | 821.36 | 1,015.40 | 592.68 |
| Agriculture, forestry, and water | 61.25 | 76.33 | 78.88 | 83.33 | 134.55 |

The following table sets out the budget of social insurance funds in Shenzhen for 2016-2020.

| Budget of the Social Insurance Funds | | | | | |
|---|-------------|-------------|----------------------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| | | | | | |
| | | | <i>(In RMB100 million)</i> | | |
| Budget of Social Insurance Funds | | | | | |
| Income from social insurance funds | 1,207.58 | 1,418.36 | 1,654.30 | 1,850.37 | 696.16 |
| Social insurance fund expenditure | 545.50 | 478.14 | 627.65 | 1,069.51 | 692.65 |

Source: Shenzhen Finance Bureau

GOVERNMENT DEBT

Relevant Provisions on Local Government Debt

In accordance with Article 35 of the Budget Law of the PRC, part of the funds for construction investment indispensable to the budgets of provinces, autonomous regions and municipalities directly under the central government that have been approved by the State Council may be raised by incurring indebtedness in the form of issuing local government bonds in accordance with the limits set by the State Council. The indebtedness incurred shall be included in its local budget adjustment plans and be reported to the standing committee of the local people's congress for approval. Any indebtedness incurred shall have a repayment plan and a stable source of repayment funds, and shall only be used for public welfare capital expenditure but not for recurring expenditure.

Article 3 of the Measures for the Administration of General Debt Budget of Local Governments stipulates that the income, arranged expenditure, principal and interest repayment and issuance expenses of local government general debt shall be included in the general public budget management.

Article 4 of the Measures for the Administration of General Debt Budget of Local Governments stipulates that, with the approval of the provincial government, the municipal government under separate state planning may issue general bonds by itself.

Article 3 of the Measures for the Administration of Specific Debt Budget of Local Governments stipulates that the income, arranged expenditure, principal and interest repayment and issuance expenses of local government specific debt shall be included in the budget management of government funds.

Article 4 of the Measures for the Administration of Specific Debt Budget of Local Governments stipulates that, with the approval of the provincial government, the municipal government under separate state planning may issue special bonds by itself.

Article 4.1 of the Notice of the General Office of the State Council on Issuing the Emergency Response Plan for Local Government Debt Risks stipulates that the local government shall be responsible for repayment of the debt borrowed.

Article 45 of the Regulations for the Implementation of the Budget Law of the PRC stipulates that the fiscal departments of the local governments at all levels are responsible for the unified management of local government debt.

Debt of Shenzhen Government in 2020

In 2020, Shenzhen issued RMB48.2 billion of government bonds, including RMB2.2 billion of general bonds and RMB46.0 billion of special bonds. In 2020, Shenzhen repaid government bonds principal of RMB3.11 billion, including RMB2.1 billion for the principal of general bonds and RMB1.01 billion for the principal of special bonds. Shenzhen paid RMB1.88 billion in interest of local government bonds (including handling fees), including RMB260 million in interest of general bonds and RMB1.62 billion in interest of special bonds. According to the preliminary estimates, the legal debt ratio of Shenzhen Municipality is expected to be approximately 13.68% (subject to the data finally approved by the Ministry of Finance) by the end of 2020 and the debt risk was relatively low.

The following table sets forth the information about Shenzhen's government debt for 2016-2020.

Shenzhen Municipality Debt Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|--------|--------|---------------------|--------|----------|
| | | | (In RMB100 million) | | |
| Debt limit..... | 332.10 | 332.10 | 384.50 | 698.50 | 1,179.50 |
| Debt Balance Executed..... | 127.95 | 117.24 | 145.92 | 430.27 | 881.21 |

Source: Shenzhen Finance Bureau

Debt limit. Each year, the National People's Congress deliberates and approves the national debt limit of local governments, after which the Ministry of Finance issues the debt limit of local governments of all provinces (and autonomous regions, municipalities directly under the central government and cities under separate state planning) with the approval of the State Council.

As at the end of 2020, the debt limit of Shenzhen local government was RMB117.950 billion, including RMB34.560 billion for general debt and RMB83.390 billion for specific debt.

The following table sets forth the information of government debt limit for Shenzhen by category for 2016-2020.

| | Debt Limit | | | | |
|--------------------|------------|--------|---------------------|--------|----------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| | | | (In RMB100 million) | | |
| Debt Limit | | | | | |
| General Debt..... | 300.60 | 300.60 | 313.60 | 324.60 | 345.60 |
| Specific Debt..... | 31.50 | 31.50 | 70.90 | 373.90 | 833.90 |
| Total | 332.10 | 332.10 | 384.50 | 698.50 | 1,179.50 |

Source: Shenzhen Finance Bureau

Debt Balance. As at the end of 2020, the debt balance of Shenzhen local government was RMB88.12 billion, which was within the debt limit, including RMB23.04 billion at the municipal level and RMB65.08 billion at the district level. According to the type of debt, the balance of government general debt was RMB6.89 billion, including RMB3.7 billion at the municipal level and RMB3.19 billion at the district level; the balance of government specific debt was RMB81.23 billion, including RMB19.34 billion at the municipal level and RMB61.89 billion at the district level.

The table below sets forth the information of the government debt balances of Shenzhen by category for 2016-2020.

| | Debt Balance Executed | | | | |
|------------------------------|-----------------------|-------|---------------------|--------|--------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| | | | (In RMB100 million) | | |
| Debt Balance Executed | | | | | |
| General Debt..... | 127.95 | 97.24 | 86.52 | 67.87 | 68.86 |
| Specific debt | - | 20.00 | 59.40 | 362.40 | 812.34 |

COOPERATION AND EXCHANGE

The Guangdong-Hong Kong-Macao Greater Bay Area

The Guangdong-Hong Kong-Macao Greater Bay Area consists of two Special Administrative Regions, namely Hong Kong and Macao, and Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing of the Guangdong Province. With a total area of 56,000 square kilometres and a population of more than 70 million, the Guangdong-Hong Kong-Macao Greater Bay Area is one of the most open and economically dynamic regions in China with a strategically important position in the overall development of China.

On 18 February 2019, the Central Committee of the Communist Party of China and the State Council issued the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area, which mandated that the Guangdong-Hong Kong-Macao Greater Bay Area will not only become a vibrant world-class city cluster, an international centre of science and technology innovation, an important support for the “Belt and Road Initiative”, and a model zone of in-depth cooperation between the Mainland, Hong Kong and Macao, but also a quality lifestyle circle that is suitable for living, working and tourism, and a model for high-quality development. The four cities of Hong Kong, Macao, Guangzhou and Shenzhen will be the core drivers of development for the region.

Shenzhen plays a leading role as a special economic zone, an economic centre and a city of innovation at the national level, and strives to build an innovative and creative city with global influence. As one of the key cities in the development of the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen will promote deeper cooperation and exchanges among Shenzhen, Hong Kong and Macao, strengthen collaboration with Guangzhou and other cities, and actively participate in creating the Science and Technology Innovation Corridor of Guangzhou, Shenzhen, Hong Kong and Macao. For example, the construction of the Shenzhen-Hong Kong International Center commenced, and a series of cultural exchange activities such as the Shenzhen-Macao Creative Week were held successfully. In addition, projects such as the Shenzhen-Macao Institute of Chinese Medicine Innovation have progressed steadily, a base for conducting legal searches of Hong Kong, Macao, Taiwan and foreign laws has been set up, and the Guangdong-Hong Kong-Macao Greater Bay Area Meteorological Monitoring and Early Warning Forecasting Center has been established.

Shenzhen-Hong Kong Cooperation

Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Located on the east coast of the Pearl River estuary and the west side of the Nantou Peninsula and covering an area of 14.92 square kilometres, the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone comprised three districts: Guiwan, Qianwan and Mawan. On 26 August 2010, the State Council formally approved the Overall Development Plan of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, and on 27 April 2015, the Qianhai Shekou Free Trade Zone was officially established. The Qianhai Shenzhen-Hong Kong Cooperation Zone (i.e. Qianhai Block) and the Shekou Block (i.e. China Merchants Group Shekou Industrial Zone) were assimilated into the Qianhai Shekou Free Trade Zone. Various global high-end development factors are concentrated in the Qianhai Shekou Free Trade Zone, with a focus on the development of finance, modern logistics, information services, technology and professional services, port services, shipping services and other emerging strategic services. There is also a focus on the construction of Qianhai International Financial City, Shenzhen-Hong Kong Innovation City, a modern free trade city and an international hub port.

In September 2021, the Central Committee of the Communist Party of China and the State Council issued the Plan for Comprehensively Deepening the Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, which mandated that Qianhai Shenzhen-Hong Kong Modern

Service Industry Cooperation Zone will create a test platform for comprehensively deepening the reform and innovation in the Guangdong-Hong Kong-Macao Greater Bay Area and expand the total area from 14.92 square kilometres to 120.56 square kilometres.

Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone

Located in the southern part of Futian District of Shenzhen and bordering Hong Kong, Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone has a total area of about 3.89 square kilometres, of which the Hong Kong park on the south side of Shenzhen River, has an area of about 0.87 square kilometres. The Shenzhen park on the north side of Shenzhen River, including Huanggang Port Area and Futian Free Trade Zone, has an area of about 3.02 square kilometres. In January 2017, Shenzhen and Hong Kong signed the “Memorandum of Cooperation between Hong Kong and Shenzhen to Promote the Joint Development of Lok Ma Chau Loop Area” to work together to build a “Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone” with targeted focus and synergy.

The Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone has the unique advantages of “cross-border, cross-system and cross-tariff area”. The *Outline Development Plan of Guangdong-Hong Kong-Macao Greater Bay Area* and *Opinions of the Central Committee of the Communist Party of China and State Council on Supporting Shenzhen in Building A Pilot Demonstration Area of Socialism with Chinese position* the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone as a major national-level innovation and technology cooperation platform for exploring the Shenzhen-Hong Kong collaborative development model. It aims to bring about innovation in the management mechanism of science and technology, and to promote the efficient and convenient exchange of personnel, capital, technology, information and other factors. Shenzhen and Hong Kong will fully capitalise on their complementary advantages and collaborate to develop the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone, cooperate in the development of one zone and two parks, in an effort to turn the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone into a model platform for cooperation between Shenzhen and Hong Kong in science and technology innovation.

Shenzhen-Hong Kong Youth Exchange and Cooperation

Fully leveraging the advantages of science and technology innovation and the geographical location and focused on the development needs of Shenzhen and Hong Kong youths, Shenzhen has made great efforts to provide them with opportunities in internship, entrepreneurship, employment and life, and built innovation and entrepreneurship platforms such as Shenzhen and Hong Kong Youth Innovation and Entrepreneurship Base and Qianhai Shenzhen and Hong Kong Youth Dream Workshop. As of the first quarter of 2020, Shenzhen’s innovation and entrepreneurship platforms incubated 446 start-up teams, including 227 Hong Kong, Macao, Taiwan and international teams (207 teams from Hong Kong, 14 international teams and six teams from Taiwan), and more than half of the start-up projects successfully received financing. For five consecutive years, Shenzhen has carried out the Guangdong-Hong Kong-Macao Greater Bay Area Youth Internship Programme, improved the exchange and internship base for Hong Kong youths, provided more than 2,000 internship positions for Hong Kong students, and received nearly 20,000 Hong Kong students for exchange visits. In addition, for five consecutive years, Shenzhen has held the Guangdong-Hong Kong-Macao Youth Innovation and Entrepreneurship Competition, Shenzhen-Hong Kong Youth Innovation and Entrepreneurship Exchange Day, the Shenzhen-Hong Kong-Macao Youth Cultural Exchange and Art Season and other activities.

Other Cooperation Between Hong Kong and Shenzhen

As a pilot city in serving the long-term prosperity and stability of Hong Kong and Macao, Shenzhen has always attached great importance to and actively promoted pragmatic cooperation between Shenzhen and Hong Kong in the fields of finance, education and healthcare, in an effort to enhance the well-being of the people of both places. In terms of finance, the Hong Kong Exchanges and Clearing Limited (HKEx) Qianhai Joint Exchange

Centre was established and the Shenzhen-Hong Kong Fund Town has commenced operations. In terms of education, Shenzhen is the first Chinese mainland city to introduce a policy allowing Hong Kong and Macao children of school age to attend public schools. In terms of healthcare, the first public hospital in the Mainland to adopt the “Hong Kong model” of operation - the University of Hong Kong Shenzhen Hospital commenced operation in 2012, which is a significant milestone in the cooperation between Shenzhen and Hong Kong in medical field. This hospital has piloted the “Hong Kong Elderly Healthcare Voucher” program, under which more than 9,300 people have received medical services at the hospital with the vouchers. Furthermore, the first Hong Kong-owned specialist hospital in the Mainland, C-MER (Shenzhen) Dennis Lam Eye Hospital, commenced operation, which brought to the Mainland advanced international medical treatment and well-developed Hong Kong-style services.

International Exchanges

International Friendship Cities

Shenzhen has established sister city or friendship city relations with 88 provinces and cities in 56 countries and regions around the world, including Houston of the United States, São Paulo of Brazil, Berlin of Germany, Osaka of Japan, Phnom Penh of Cambodia, Brisbane of Australia, Busan of South Korea, Milan of Italy and Dubai of the United Arab Emirates. Shenzhen’s friendship cities are all over the world. Shenzhen continues to promote pragmatic cooperation with international friendship cities in the fields of economy and trade, culture, science and technology and vocational education, amongst others. Shenzhen has successfully held five Shenzhen International Friendship City Culture and Art Weeks. In 2019, Shenzhen held the Shenzhen Smart City Forum with International Friendship Cities for the first time to share the achievements in creating smart city and explore solutions that are universally applicable to cities in various countries.

Conference on International Exchange of Professionals

Founded in 2001 and successfully held for 17 years, Conference on International Exchange of Professionals is a large-scale, high-calibre, international, comprehensive talent and intellectual development conference. The conference is open to overseas professional organisations, training institutions and science and technology innovation talents. Hosted by the State Administration of Foreign Experts and the Shenzhen Municipal People’s Government, the Conference on International Exchange of Professionals has been permanently located in Shenzhen since the sixth conference in 2007. Every year, professional organisations from more than 40 countries and regions, including the United Kingdom, Germany, France, Italy, the United States, Canada, Australia, New Zealand and Russia participate in the conference, with more than 35,000 foreign experts, overseas students and professionals being present, and cumulatively more than 10,000 projects has been launched.

USE OF PROCEEDS

The net proceeds from the offering of the 2023 Bonds will be used by the Issuer for general governmental purposes.

The net proceeds from the offering of the 2024 Bonds will be used to finance clean transportation projects in accordance with the Green Finance Framework.

The net proceeds from the offering of the 2026 Bonds will be used to finance water treatment projects and sponge city related projects in accordance with the Green Finance Framework.

The source of repayment for the principal and interest of the 2023 Bonds will be the funds from the government. The source of repayment for the principal and interest of the 2024 Bonds and the 2026 Bonds will be the funds from the government and proceeds from the projects.

GREEN FINANCE FRAMEWORK

People's Government of Shenzhen Municipality of Guangdong Province of the People's Republic of China's Green Strategy

By 2025, People's Government of Shenzhen Municipality of Guangdong Province of the People's Republic of China ("**Shenzhen Municipal People's Government**") aims to make significant progress in creating a beautiful Chinese model of harmony between human and nature and reach international levels of high-quality ecological environment. By such time, Shenzhen aims to have established an integrated path of high-quality economic development and high-quality protection of the ecological environment and become an ecological city which pleases its citizens and attracts people from other places.

By 2035, Shenzhen Municipal People's Government aims to further improve green production and green lifestyle, significantly improve the level of green and low-carbon recycling, steadily reduce carbon emission after reaching the emission peak, keep annual average PM2.5 concentration below 15 micrograms/cubic metre and build a beautiful bay area with clear water and green shores. Shenzhen Municipal People's Government also aims to further improve its urban ecosystem service function and guarantee environmental health and safety, realising the modernisation of environmental governance system and capabilities.

Green Finance Framework





This Green Finance Framework (the "**Framework**") sets out how Shenzhen Municipal People's Government intends to enter into Green Financing Transactions ("**GFT**") to finance or refinance projects that are consistent with its vision to improve the environment and combat climate change. GFTs may include bonds, loans and other financing products where proceeds are applied to eligible green projects ("**Eligible Projects**") as defined in this Framework.

Shenzhen Municipal People's Government has prepared this Framework in accordance with the International Capital Market Association ("**ICMA**") Green Bond Principles 2021 or as it may be subsequently amended. Loans issued under the Framework will be aligned to the Loan Market Association ("**LMA**"), Asia Pacific Loan Market Association ("**APLMA**") and Loan Syndications and Trading Association ("**LSTA**") Green Loan Principles 2020 or as they may be subsequently amended. Other forms of financing may conform to other well-established green finance principles as may have been established at the time.

The Framework is presented through the following four pillars: (1) use of proceeds; (2) project evaluation and selection; (3) management of proceeds and (4) reporting.

(1) Use of Proceeds

The proceeds of each GFT will be used exclusively for the financing or the refinancing of Eligible Projects, including without limitation, the refinancing of existing debt in relation to such projects. Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance. Eligibility criteria are outlined in the table below:

| Eligible categories | Alignment with ICMA Green Bond Principles 2021 | Eligible criteria & benefits | Description | Main contribution to United Nations Sustainable Development Goals |
|------------------------------|--|---|--|--|
| Water treatment projects | Sustainable water and wastewater management | <p><u>Wastewater treatment and sustainable urban drainage systems</u></p> <ul style="list-style-type: none"> Comprehensive elimination of black and odorous water Improve the water quality of certain urban areas Treatment and utilization of sewage sludge <p><u>Sustainable infrastructure for clean and/or water</u></p> <ul style="list-style-type: none"> Ensure the quality and safety of the water supplied to the reservoir <p><u>Flood mitigation</u></p> <ul style="list-style-type: none"> Improve flood control and drainage capacity of riverways | <ul style="list-style-type: none"> Comprehensive treatment of urban water environment Inspection, repairment and enhancement on rain and sewage drainage systems Ensuring the separation of rain water and waste water, avoiding the direct discharge of sewage into river Remediation at source of pollution Construction of a coordinated treatment station for sludge and river bottom sludge Construction of rainwater storage tanks Physically isolate the contaminated water through engineering measures and drain unpolluted clean rainwater from nearby mountains to the reservoir Expand river channels, build sewage pipes along the river and relocate pipelines | <div>6 CLEAN WATER AND SANITATION</div>  <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>  |
| Sponge city related projects | Climate change adaptation | <ul style="list-style-type: none"> Investments to develop “sponge city” projects that aim to reduce flood risk and replenish groundwater | <ul style="list-style-type: none"> Investments in “sponge city” related projects by building gray and green infrastructures | <div>13 CLIMATE ACTION</div>  |
| Clean transportation | Clean transportation | <ul style="list-style-type: none"> Reduction of greenhouse gases emissions through the deployment of low-carbon public transportation | <ul style="list-style-type: none"> Construction of core sustainable transportation infrastructure such as underground lines | <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>  |

(2) Project Evaluation and Selection

Finance Bureau of Shenzhen Municipality of Guangdong Province of the People’s Republic of China (“**Shenzhen Finance Bureau**”) Offshore Bonds Working Group (the “**Offshore Bonds Working Group**”) has been set up, with the director of Shenzhen Finance Bureau acting as group leader, the deputy director of Shenzhen Finance Bureau acting as deputy group leader, the relevant departments of

Shenzhen Finance Bureau acting as group members to approve (a) each GFT under the Framework (b) the allocation of proceeds of each GFT issued to Eligible Projects (c) Eligible Projects' continual fulfilment of the eligibility criteria during the life of the bonds and (d) reports prepared, in each case in accordance with the terms of the Framework. The Offshore Bonds Working Group will review the potential Eligible Projects against the eligibility criteria outlined in the Use of Proceeds section, based on the following:

- Description of the project and the technical / scientific approach setting out the environmental benefits to be obtained
- Preliminary, provisional or final certificates received in respect of compliance with relevant standards
- Where applicable, Offshore Bonds Working Group will initiate, and the relevant departments will be responsible for, the review of energy, water, waste management review data, against relevant standards or benchmarks

If a project is approved as an Eligible Project by the Offshore Bonds Working Group in accordance with this Framework, it may be earmarked for the use of proceeds under this Framework. The Offshore Bonds Working Group will maintain notes and records of all approved Eligible Projects and the allocation of proceeds of any GFT.

Shenzhen Municipal People's Government may commission a qualified third party to investigate and report on the eligibility, or otherwise, of projects as Eligible Projects under this Framework. Feasibility reports may also be prepared before the commencement of Eligible Projects which identify the potential negative environmental and/or social impacts and mitigating measures.

(3) Management of Proceeds

Shenzhen Finance Bureau has established an effective mechanism to manage the proceeds, ensuring that the proceeds from GFT will be used to fund Eligible Projects. Pending full allocation, unallocated proceeds will be:

- (a) held in treasury as cash according to fiscal fund management policies; and
- (b) allocate to Eligible Projects as soon as possible to enhance efficiency of the proceeds usage.

Shenzhen Finance Bureau will maintain an investment register for GFTs. For each GFT issued, the investment register will contain the following information:

- (a) Details of each GFT, including issuance (borrowing) date, maturity date, amount, interest rate, etc.
- (b) Eligible Project lists, including:
 - Project description (including the location of projects, project category, etc.)
 - The name of the entity implementing the project
 - Investment amount and date
 - Project progress
 - Estimated environmental benefits
 - Confirmation that the project meets the eligible criteria under this Framework

- Other necessary information related to green financing transactions

The register will also record the balance of unallocated proceeds which will be held by Shenzhen Municipal People's Government in accordance with its financial and liquidity management policies.

(4) Reporting

Shenzhen Municipal People's Government will prepare an allocation report ("**Allocation Report**") at least annually until the net proceeds are almost completely allocated and will prepare an impact report ("**Impact Report**") at least once during the lifetime of the Bonds after full allocation.

(a) Allocation Report should contain the following information:

- Amount of proceeds allocated to the various Eligible Project categories
- Description of major Eligible Projects
- Aggregate amount of proceeds of GFT allocated that has been earmarked to Eligible Projects
- The balance of unallocated proceeds yet to be earmarked
- Percentages of refinancing and financing of Eligible Projects

(b) Impact Report should contain but not limited to the following information:

| Eligible project categories | Impact indicators |
|------------------------------|--|
| Water treatment projects | <ul style="list-style-type: none"> • The amount of water (m³) treated, reused, or avoided • The amount of sludge that has been treated and disposed of (e.g. dewatering, sanitisation, composting, digestion without biogas extraction) • Annual reduction in the volume of pollutants entering the reservoir • Annual volume of rainwater (m³) treated or reused • Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods • Number of people with access to clean drinking water (or annual volume of clean drinking water in m³/a supplied for human consumption) through infrastructure supporting sustainable and efficient water use |
| Sponge city related projects | <ul style="list-style-type: none"> • Volume of increased water catchment in m³ per year • Volume of reduced or avoided water loss in m³ |
| Clean Transportation | <ul style="list-style-type: none"> • Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; • Annual greenhouse gases emissions reduced/avoided in tonnes of CO₂ equivalent p.a. |

Allocation Report and Impact Report will be published via the official website of Shenzhen Finance Bureau.

External Review

The Issuer will engage external reviewer(s) to confirm the alignment of the debt instruments and the Framework with the relevant ICMA/LMA principles and guidelines.

TAXATION

The following summary of certain taxation provisions under the PRC and Hong Kong laws is based on current law and practice. It does not purport to be comprehensive and does not constitute legal or tax advice. Prospective investors should consult their own tax advisers regarding the tax consequences of an investment in the securities.

In respect of repayments of principal or interest on the Bonds, the Bonds are not subject to any individual or enterprise income tax or stamp duty in the PRC nor to any stamp duty in Hong Kong.

Interest on, and profit from disposal of, the Bonds are expected to be exempted from Hong Kong profits tax.

SUBSCRIPTION AND SALE

The Issuer and the Joint Lead Managers have entered into a subscription agreement dated on or about 11 October 2021 (the “**Subscription Agreement**”), pursuant to which the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to subscribe and pay for or procure subscribers to subscribe and pay for, the 2023 Bonds at their issue price of 100% of their principal amount, the 2024 Bonds at their issue price of 100% of their principal amount and the 2026 Bonds at their issue price of 100% of their principal amount.

The Issuer is entitled to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

2023 Bonds

| Joint Lead Managers | Principal Amount (RMB) |
|--|---------------------------------------|
| Bank of China Limited..... | 68,750,000 |
| Standard Chartered Bank (Hong Kong) Limited | 68,750,000 |
| China International Capital Corporation Hong Kong Securities Limited | 68,750,000 |
| CLSA Limited | 68,750,000 |
| Bank of Communications Co., Ltd. Hong Kong Branch | 68,750,000 |
| China Construction Bank (Asia) Corporation Limited | 68,750,000 |
| China Merchants Securities (HK) Co., Limited | 68,750,000 |
| China Minsheng Banking Corp., Ltd., Hong Kong Branch | 68,750,000 |
| China PA Securities (Hong Kong) Company Limited..... | 68,750,000 |
| Citigroup Global Markets Limited..... | 68,750,000 |
| CMB International Capital Limited | 68,750,000 |
| Crédit Agricole Corporate and Investment Bank | 68,750,000 |
| Guosen Securities (HK) Brokerage Company, Limited | 68,750,000 |
| Industrial and Commercial Bank of China (Asia) Limited | 68,750,000 |
| J.P. Morgan Securities (Asia Pacific) Limited..... | 68,750,000 |
| Mizuho Securities Asia Limited..... | 68,750,000 |
| Total | 1,100,000,000 |

2024 Bonds

| Joint Lead Managers | Principal Amount (RMB) |
|--|---------------------------------------|
| Bank of China Limited..... | 93,750,000 |
| Standard Chartered Bank (Hong Kong) Limited | 93,750,000 |
| China International Capital Corporation Hong Kong Securities Limited | 93,750,000 |

| Joint Lead Managers | Principal Amount (RMB) |
|--|-------------------------------|
| CLSA Limited | 93,750,000 |
| Bank of Communications Co., Ltd. Hong Kong Branch | 93,750,000 |
| China Construction Bank (Asia) Corporation Limited | 93,750,000 |
| China Merchants Securities (HK) Co., Limited | 93,750,000 |
| China Minsheng Banking Corp., Ltd., Hong Kong Branch | 93,750,000 |
| China PA Securities (Hong Kong) Company Limited..... | 93,750,000 |
| Citigroup Global Markets Limited..... | 93,750,000 |
| CMB International Capital Limited | 93,750,000 |
| Crédit Agricole Corporate and Investment Bank | 93,750,000 |
| Guosen Securities (HK) Brokerage Company, Limited | 93,750,000 |
| Industrial and Commercial Bank of China (Asia) Limited | 93,750,000 |
| J.P. Morgan Securities (Asia Pacific) Limited..... | 93,750,000 |
| Mizuho Securities Asia Limited..... | 93,750,000 |
| Total | 1,500,000,000 |

2026 Bonds

| Joint Lead Managers | Principal Amount (RMB) |
|--|-------------------------------|
| Bank of China Limited..... | 150,000,000 |
| Standard Chartered Bank (Hong Kong) Limited | 150,000,000 |
| China International Capital Corporation Hong Kong Securities Limited | 150,000,000 |
| CLSA Limited | 150,000,000 |
| Bank of Communications Co., Ltd. Hong Kong Branch | 150,000,000 |
| China Construction Bank (Asia) Corporation Limited | 150,000,000 |
| China Merchants Securities (HK) Co., Limited | 150,000,000 |
| China Minsheng Banking Corp., Ltd., Hong Kong Branch | 150,000,000 |
| China PA Securities (Hong Kong) Company Limited..... | 150,000,000 |
| Citigroup Global Markets Limited..... | 150,000,000 |
| CMB International Capital Limited | 150,000,000 |
| Crédit Agricole Corporate and Investment Bank | 150,000,000 |
| Guosen Securities (HK) Brokerage Company, Limited | 150,000,000 |
| Industrial and Commercial Bank of China (Asia) Limited | 150,000,000 |
| J.P. Morgan Securities (Asia Pacific) Limited..... | 150,000,000 |

| Joint Lead Managers | Principal Amount (RMB) |
|-------------------------------------|---------------------------------------|
| Mizuho Securities Asia Limited..... | 150,000,000 |
| Total | 2,400,000,000 |

United States

The Bonds have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States. Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Bonds 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 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 Joint Lead Manager has represented, warranted and undertaken that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the U.K.

Hong Kong

Each Joint Lead Manager has represented and agreed that 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 Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO.

Chinese Mainland

The Bonds are not intended to be offered directly or indirectly within the Chinese mainland. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to purchase any Bonds in the Chinese mainland.

Each Joint Lead Manager has represented, warranted and agreed that the Bonds not being offered or sold and may not be offered or sold, directly or indirectly, in the Chinese mainland, except where permitted by applicable law of the Chinese mainland.

Taiwan

Each Joint Lead Manager has represented, warranted and agreed that as the Bonds have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan pursuant to relevant securities laws and regulations of Taiwan, it has

not offered or sold and will not offer or sell the Bonds within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Bonds in Taiwan.

Macao

This is an offering targeted at institutional investors. Each Joint Lead Manager has represented, warranted and agreed that the Bonds may not be promoted, distributed, sold or delivered in Macao, or any document relating to the Bonds be distributed or circulated in Macao, except under the terms of and in compliance with the Macao Financial System Act approved by the Decree Law no. 32/93/M (“FSA”) and Guidelines under Circular no. 033/B/2010-DSB/AMCM, Circular no. 009/B/2019-DSB/AMCM and Circular 008/B/2021-DSB/AMCM as well as any other laws in Macao that may apply to the offer and sale of the Bonds in Macao. The Bonds are not authorised for public offer in Macao under the FSA and Guidelines under Circular no. 033/B/2010-DSB/AMCM, Circular no. 009/B/2019-DSB/AMCM and Circular 008/B/2021-DSB/AMCM, thus may not be offered or sold in Macao, unless such offer is made by Macao licensed financial institution according to the FSA and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 009/B/2019-DSB/AMCM and Circular 008/B/2021-DSB/AMCM and upon their communication to the Monetary Authority of Macao and Chongwa (Macao) Financial Asset Exchange Co., Ltd., in observation of the guidelines and recommendations issued by the Monetary Authority of Macao from time to time.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), 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.

Russian Federation

Each Joint Lead Manager has represented, warranted and agreed that the Bonds will not be offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian Law.

General

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Bonds. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through the CMU. The securities codes for the Bonds are as follows:

| | CMU Instrument Number | ISIN | Common Code |
|------------------|-----------------------------|--------------|----------------|
| 2023 Bonds | BCMKB21009 | HK0000778461 | 239394086 |
| 2024 Bonds | BCMKB21010 | HK0000778479 | 239394132 |
| 2026 Bonds | BCMKB21011 | HK0000778487 | 239394353 |

The address of the CMU is 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

2. **Authorisations:** The issuance of the Bonds has been authorised by the State Council of the People's Republic of China pursuant to the Implementation Plan for the Comprehensive Reform of the Pilot Demonstration Area for Building Socialism with Chinese Characteristics in Shenzhen (2020-2025) issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council and the First Batch of Authority Delegation for the Comprehensive Reform of the Pilot Demonstration Area for Building Socialism with Chinese Characteristics in Shenzhen appended therein. The Bonds are included in the 2021 draft budget and budget adjustment plan as approved by the Shenzhen Municipal People's Congress and its standing committee. In accordance with the Budget Law of the People's Republic of China, the Regulation on the Implementation of the Budget Law of the People's Republic of China (Guo Ling No. 729), the Opinion of the State Council on Strengthening the Management of Local Government Debt (Guo Fa [2014] No. 43) and the Administrative Measures for the Local Government Bonds Issuance, the 2023 Bonds are issued as general bonds, which will constitute general debt of the Issuer. The 2024 Bonds and the 2026 Bonds are issued as special bonds, which will constitute specific debt of the Issuer.
3. **Listing:** The Bonds will be listed on the SEHK.
4. **Significant Change:** There has been no significant change in the tax and budgetary systems, gross public debt, foreign trade, financial position and resources and income and expenditure figures of Shenzhen Municipal People's Government since 31 December 2020.
5. **Legal Proceedings:** There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending) during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the financial position of the Issuer.
6. **Available Documents:** From the date hereof and for so long as any of the Bonds remains outstanding, copies of the government budget of Shenzhen Municipal People's Government for the current fiscal year, will be available for inspection at the specified office of the Fiscal Agent at 20 Pedder Street, Central, Hong Kong, during normal business hours. The email address of the Fiscal Agent is securities_service@bankcomm.com.hk.
7. **Immunity:** To the extent that the Issuer may claim for itself immunity from any Proceedings (as defined in the *Terms and Conditions of the Bonds*), and to the extent that in any such jurisdiction there may be attributed to the Issuer such immunity (whether or not claimed), the Issuer hereby agrees not to claim and hereby waives and will waive such immunity in the face of the courts; provided, however, that the

Issuer has not waived, and shall not waive, its sovereign and other immunity with respect to assets wherever located from execution or attachment, whether in aid of execution, before judgment or otherwise.

ISSUER

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