

**INFORMATION MEMORANDUM
FOR INFORMATION ONLY**

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

LISTING BY WAY OF INTRODUCTION OF

KAISA GROUP HOLDINGS LTD.

*(AN EXEMPTED COMPANY INCORPORATED IN THE CAYMAN ISLANDS WITH
LIMITED LIABILITY)*

US\$277,460,905 Series A Variable Rate Senior Notes due 31 December 2019

US\$499,429,957 Series B Variable Rate Senior Notes due 30 June 2020

US\$610,414,552 Series C Variable Rate Senior Notes due 31 December 2020

US\$665,906,865 Series D Variable Rate Senior Notes due 30 June 2021

US\$721,398,993 Series E Variable Rate Senior Notes due 31 December 2021

US\$259,486,248 Variable Rate Mandatorily Exchangeable Bonds due 2019

This document (the “**Information Memorandum**”) is issued in connection with the listing and quotation of the following instruments, which have been issued by Kaisa Group Holdings Ltd. (the “**Company**”): the US\$277,460,905 Series A Variable Rate Senior Notes due 31 December 2019 (the “**Series A Notes**”), the US\$499,429,957 Series B Variable Rate Senior Notes due 30 June 2020 (the “**Series B Notes**”), the US\$610,414,552 Series C Variable Rate Senior Notes due 31 December 2020 (the “**Series C Notes**”), the US\$665,906,865 Series D Variable Rate Senior Notes due 30 June 2021 (the “**Series D Notes**”), the US\$721,398,993 Series E Variable Rate Senior Notes due 31 December 2021 (the “**Series E Notes**” and, together with the Series A Notes, the Series B Notes, the Series C Notes and the Series D Notes, the “**New HY Notes**”), the US\$259,486,248 Variable Rate Mandatorily Exchangeable Bonds due 2019 (the “**Mandatorily Exchangeable Bonds**”) together with the New HY Notes and the Mandatorily Exchangeable Bonds, the “**Instruments**”).

The Instruments were originally issued by the Company as part of the Scheme Consideration (as defined herein) distributed to Scheme Creditors (as defined herein) under a scheme of arrangement in respect of the Company under sections 673 and 674 of the Companies Ordinance (Cap. 662 of the laws of Hong Kong) as applicable in Hong Kong (the “**Hong Kong Scheme**”) and a linked and inter-conditional scheme of arrangement between the Company and the Scheme Creditors under section 86 of the Companies Law (2013 Revision) as applicable in the Cayman Islands (the “**Cayman Scheme**” and together with the Hong Kong Scheme, the “**Schemes**”). Delivery of the Instruments was made to Scheme Creditors in book-entry form through the facilities of Euroclear Bank SA/NV and Clearstream Banking, S.A. on or about 21 July 2016 (the “**Issue Date**”). Additionally, 232,621 contingent value rights (the “**CVRs**”) were issued by the Company as part of the Scheme Consideration distributed to Scheme Creditors under the terms of the Schemes.

Listing of the Instruments is made by introduction only (the “**Introduction**”). There is no offering of any of the Instruments or any other securities of the Company in connection with the Introduction in Singapore or elsewhere, and recipients of this Information Memorandum and the documents incorporated by reference herein (together, the “**Introductory Document**”) and prospective investors in the Instruments should not take the Introduction or the Introductory Document to be an offer of, or an invitation to purchase, any Instruments or any other securities of the Company. The Introductory Document is not a prospectus under Singapore law and has not been lodged with, or registered by, the Monetary Authority of Singapore. No Instruments shall be allotted or allocated on the basis of the Introductory Document.

Neither the U.S. Securities and Exchange Commission (“SEC”) nor any U.S. state or other securities commission or regulatory authority has approved or disapproved of the distribution of the Instruments as Scheme Consideration or verified the accuracy or adequacy of the Introductory Document (or any part thereof). Any representation to the contrary is a criminal offence in the United States.

The New HY Notes and the Mandatorily Exchangeable Bonds are senior obligations of the Company, guaranteed by its existing subsidiaries set out herein (the “**Subsidiary Guarantors**”), other than (1) those organized under the laws of the PRC and (2) certain other subsidiaries specified in the relevant indentures in respect of the New HY Notes (the “**New Indentures**”) and the trust deed in respect of the Mandatorily Exchangeable Bonds (the “**New Trust Deed**”). The Company and the Subsidiary Guarantor Pledgors (as defined herein) have agreed to pledge the capital stock of the Subsidiary Guarantors held by them to secure the New HY Notes and the Mandatorily Exchangeable Bonds and the Subsidiary Guarantees (as defined herein) of such Subsidiary Guarantor Pledgors.

The New HY Notes and the Mandatorily Exchangeable Bonds will be (1) at least *pari passu* in right of payment against the Company with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law), (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New HY Notes and the Mandatorily Exchangeable Bonds, (3) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor (other than the collateral securing the New HY Notes and the Mandatorily Exchangeable Bonds), and (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined herein). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees, the JV Subsidiary Guarantees (as defined herein) and the pledge of any collateral. See the section entitled “*Risk Factors — Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral.*”

For a more detailed description of the Instruments, see the sections entitled “*Terms and Conditions of the New HY Notes,*” and “*Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds*” beginning on page 36.

Each series of the New HY Notes and the Mandatorily Exchangeable Bonds will bear interest from 21 July 2016 at the rate set forth herein in respect of the relevant series, payable semi-annually in arrears on 30 June and 31 December of each year, commencing 31 December 2016.

The Company may redeem a series of New HY Notes at any time upon the occurrence of certain events set out in the relevant New Indenture in respect of that series of New HY Notes, and may redeem the Mandatorily Exchangeable Bonds at any time upon the occurrence of certain events set out in the New Trust Deed.

The Instruments and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). The Instruments and the Subsidiary Guarantees generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive them in the Schemes (other than “affiliates” as described in the paragraph below) may resell them without restriction under the Securities Act.

Under the U.S. securities laws, persons who are “affiliates” of the Company or were “affiliates” of the Company within the preceding 90 days may not resell the Instruments without registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as in an offshore transaction in accordance with Regulation S under the Securities Act or in accordance with Rule 144 under the Securities Act. The Instruments have not been and will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States. The Company does not intend to take action to facilitate a market in the Instruments in the United States.

Application has been made to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for permission to deal in and the listing and quotation of the Instruments on the SGX-ST. Such permission will be granted when the Instruments have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Instruments to the Official List of the SGX-ST and quotation of any Instruments on the SGX-ST are not to be taken as an indication of the merits of the Instruments or of the Company, the Subsidiary Guarantees, the Subsidiary Guarantors, their respective subsidiaries (if any), their respective associated companies (if any) or their respective joint venture companies (if any). If the application to the SGX-ST to list the Instruments is approved, for so long as such Instruments are listed on the SGX-ST and the rules of the SGX-ST so require, such Instruments will be traded on the SGX-ST in a minimum board lot size of at least US\$200,000. No application has been made to the SGX-ST with respect to the CVRs as of the date of this Information Memorandum. The Company may, in the discretion of its board of directors, make an application for permission to deal in and the listing and quotation of the CVRs on the SGX-ST in the future, and in such event, the reference to “Instruments” in the Introductory Document shall be deemed to include a reference to the CVRs. There is, however, no assurance that an approval in-principle for the listing of the CVRs on the SGX-ST can be obtained or that the CVRs can be listed on the SGX-ST or any other exchange.

The date of this Information Memorandum is 19 July 2016.

ABOUT THE INTRODUCTORY DOCUMENT

The Introductory Document is published in connection with the listing of the Instruments of the Company solely for the purpose of giving information with regard to the Introduction. You should read the Introductory Document in its entirety before investing in the Instruments.

The Introductory Document consists of this Information Memorandum, which provides a summary of the key terms of the Instruments, risk factors and selected information about the Company and its operations. It also includes each of following documents, which are hereby incorporated in, and form a part of, the Introductory Document (the “**Incorporated Documents**”):

(1) the explanatory statement in relation to Linked and Inter-conditional Schemes of Arrangement between the Company and the Scheme Creditors dated April 2016 (the “**Explanatory Statement**”) filed as Exhibit EX-99.T3E.1 to the Form T-3 filed with the SEC on 22 April 2016 (the “**T-3 Filing**”), a copy of which is available for review at the following weblink:

<https://www.sec.gov/Archives/edgar/data/1638530/000119312516551491/d133600dex99t3e1.htm>,

(2) the Hong Kong Scheme filed as Exhibit EX-99.T3E.2 to the T-3 Filing, a copy of which is available for review at the following weblink:

<https://www.sec.gov/Archives/edgar/data/1638530/000119312516551491/d133600dex99t3e2.htm>,

(3) the Cayman Island Scheme filed as Exhibit EX-99.T3E.3 to the T-3 Filing, a copy of which is available for review at the following weblink:

<https://www.sec.gov/Archives/edgar/data/1638530/000119312516551491/d133600dex99t3e3.htm>,

(4) announcements made by the Company on the SEHK website in so far as they relate to the Schemes: <http://www.hkexnews.hk/>.

Except as noted below, the summary information contained in this Information Memorandum is extracted from information provided to Scheme Creditors in the Explanatory Statement, and is provided for information purposes only, is not an exhaustive summary of the Instruments or the Company’s business and risk factors related thereto. Therefore, the information presented in the Information Memorandum is accurate as of the date of the Explanatory Statement unless otherwise noted. This Information Memorandum also adds to and updates certain information in the Explanatory Statement under the section titled “Recent Developments.” Information under the section titled “Recent Developments” is accurate as of the date hereof or such other date mentioned therein. If any information contained in this Information Memorandum varies from information presented in the Incorporated Documents, you should rely on the information in this Information Memorandum. The Incorporated Documents give more general information applicable to the Scheme Creditors that may not be applicable to you. The Company does not undertake to update or revised any information contained in this Information Memorandum or the Incorporated Documents. Additional information regarding the Company may be found in its public announcements including those posted on the SEHK website.

The Company has undertaken, in connection with the listing of the Instruments on the SGX-ST, that it will comply with the rules of the SGX-ST in force from time to time and that it will immediately announce any information which (a) is necessary for investors to appraise its position, (b) is necessary to avoid a false market in its securities or (c) may have a material effect on its ability to meet the obligations under the Instruments.

The Company will, at its specified offices in Hong Kong and the Cayman Islands, provide, free of charge, upon oral or written request therefor, a copy of the Introductory Document, which includes both this Information Memorandum and any Incorporated Documents. Written or oral requests for such documents should be directed to the specified office of the Company.

IMPORTANT NOTICES

The Introductory Document, which includes both this Information Memorandum and any Incorporated Documents, does not constitute an offer of, nor is it calculated to invite or solicit offers for, the Instruments or other securities of the Company in any jurisdiction. The Introductory Document is published in connection with the listing of the Instruments of the Company solely for the purpose of providing certain information with regard to the Introduction. The Introductory Document may not be used for any other purpose and, in particular, no person is authorized to use or reproduce the Introductory Document or any part thereof for any purpose whatsoever.

The delivery of any document that constitutes part of the Introductory Document shall not, under any circumstances, create any implication that there has been no change or development reasonably likely to involve a change in the Group's affairs since the date of the applicable document or that the information contained in any such document is correct as of any time after such date.

The distribution of the Introductory Document may be prohibited or restricted by law in certain jurisdictions. The Company requires persons into whose possession the Introductory Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Company.

No representation or warranty, express or implied, is made or given by any of the New HY Note Trustee, the New MEB Trustee, the Common Security Trustee, the Agents or any person affiliated with them as to the accuracy, completeness or sufficiency of the information contained in the Introductory Document, and nothing contained in the Introductory Document is, or shall be relied upon as, a promise, representation or warranty by the New HY Note Trustee, the New MEB Trustee, the Common Security Trustee, the Agents or any person affiliated with them. The Introductory Document does not intend to provide the basis of any credit or other evaluation of the Company or the Subsidiary Guarantors.

Prospective investors in the Instruments should not construe the contents of the Introductory Document as legal, business, financial or tax advice. Prospective investors in the Instruments should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning the Instruments.

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CERTAIN DEFINITIONS AND CONVENTIONS IN THIS INFORMATION MEMORANDUM

As used in this Information Memorandum, references to “**we**”, “**us**”, “**our**”, the “**Issuer**” and the “**Company**”, the “**Group**” and words of similar import are to Kaisa Group Holdings Ltd. itself, or to Kaisa Group Holdings Ltd. and its subsidiary undertakings (as that term is defined in the Companies Ordinance), as a whole, from time to time, as the context requires.

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

References to “**PRC**” and “**China**,” for the statistical purposes of this Information Memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC (“**Macau**”), or Taiwan. “**PRC government**” or “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

As discussed in the Explanatory Statement, the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 are not available. In October 2015, the Company’s Independent Committee (as defined below) engaged FTI Accounting and Advisory Services Ltd (“**FTI**”) to assist it with investigations into certain matters raised by the Auditor in connection with the audit of its consolidated financial statements for the financial year ended 31 December 2014. The investigations being conducted by FTI are ongoing. The Company has prepared consolidated management accounts as at and for the year ended 31 December 2014 (the “**2014 Management Accounts**”) and as at and for the nine months ended 30 September 2015 (the “**September 2015 Management Accounts**”), (together, the “**Unaudited Management Accounts**”). The figures in this Information Memorandum presented as being as at or for the year ended 31 December 2014 or 30 September 2015 are based on the Unaudited Management Accounts. Audited consolidated financial statements for the year ended 31 December 2013 and years prior to that are available on the website of the SEHK (<https://www.hkex.com.hk/>). The Unaudited Management Accounts can be found in Appendix 4 (Unaudited Management Accounts) to the Explanatory Statement.

The Unaudited Management Accounts have been prepared in accordance with the accounting policies adopted by the Company in prior years and based on the best knowledge and belief of the Board. The Board believes them to be accurate based on the current information available. However, given the ongoing investigations and examinations of the Independent Committee and FTI, the substantial turnover of staff in the Company’s accounting and finance team, and the present inability of the Auditor to complete the audit of the 2014 Management Accounts and the fact that the Auditor has not reviewed or audited the September 2015 Management Accounts, neither the Company nor the Board represents or warrants that the Unaudited Management Accounts accurately reflect, or give a true and fair view of, the financial position and financial performance of the Group as at and for the period

ended on 31 December 2014 or 30 September 2015. The Company and Board, furthermore, do not represent or warrant that the Unaudited Management Accounts have been prepared in accordance with the current HKFRS, IFRS or generally accepted accounting principles in any jurisdiction, nor that they comply with the disclosure requirements of the Companies Ordinance. The Board considers that there may be significant adjustments to the Unaudited Management Accounts, and therefore neither the Company nor the Board can represent or warrant that the Unaudited Management Accounts are free from material misstatement. Furthermore, it is possible that adjustments or restatements will need to be made to the Group's consolidated financial statements for annual or interim periods prior to the periods covered by the Unaudited Management Accounts, depending on the results of the ongoing investigation and examinations of the Independent Committee and FTI and the completion of the audit of the 2014 Management Accounts. In these circumstances, potential investors in the Instruments are advised not to rely on the Unaudited Management Accounts, or the financial information contained in this Information Memorandum. For a discussion of the risks associated with the Company's financial information and the ongoing investigations and examinations of the Independent Committee and FTI examination, please refer to "*Risk Factors — Risks Related to the Group's Business — The Group's business prospects may be difficult to evaluate because certain financial information is unavailable or may be unreliable.*"

The Company records and publishes its financial statements in Renminbi. For consistency purposes with the financial information of the Company presented in the Explanatory Statement, unless otherwise stated in this Information Memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.4971 to US\$1.0000, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK\$7.7540 to US\$1.0000, the published rates as at 22 March 2016 as set out under the PRC State Administration of Foreign Exchange ("**SAFE**"). All such translations in this Information Memorandum are provided solely for your convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars at any particular rate or at all.

In this Information Memorandum, unless the context or subject requires otherwise, the following expressions shall have the following meanings:

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|---------------------------------------|--|
| "4 December 2014 Announcement" | means the announcement made by the Company on 4 December 2014 pursuant to Rule 13.09(1) of the Listing Rules regarding recent developments of the Company; |
| "9 February 2015 Announcement" | means the announcement made by the Company on 9 February 2015 pursuant to Rule 13.09(1) of the Listing Rules regarding recent developments of the Company; |
| "9 April 2015 Announcement" | means the announcement made by the Company on 9 April 2015 pursuant to Rule 13.09(1) of the Listing Rules regarding recent developments of the Company; |

“13 March 2015 Announcement”	means the announcement made by the Company on 13 March 2015 pursuant to Rule 13.09(1) of the Listing Rules regarding recent developments of the Company;
“16 February 2015 Announcement”	means the announcement made by the Company on 16 February 2015 pursuant to Rule 13.09(1) of the Listing Rules regarding inside information and trading halt;
“21 December 2014 Announcement”	means the announcement made by the Company on 21 December 2014 pursuant to Rule 13.09(1) of the Listing Rules regarding recent developments of the Company;
“23 July 2015 Announcement”	means the announcement made by the Company on 23 July 2015 pursuant to Rule 13.09(2) of the Listing Rules regarding recent developments of the Company;
“29 April 2015 Announcement”	means the announcement made by the Company on 29 April 2015 pursuant to Rule 13.09(2) of the Listing Rules regarding recent developments of the Company;
“30-day VWAP”	means the volume weighted average price of the Common Shares for any consecutive 30-trading-day period during which the Common Shares are actively traded as displayed under the heading “VWAP” on Bloomberg page 1638.HK<equity>;
“2014 Annual Report”	means the outstanding annual report of the Company for the year ended 31 December 2014;
“2014 Interim Report”	means the Company’s interim report dated 20 August 2014 in respect of the first 6 months of 2014, which was filed with the SEHK and is attached as Appendix 16 to the Explanatory Statement;
“2016 Indenture”	means the indenture dated 22 April 2013 (as amended, supplemented or otherwise modified from time to time) relating to the 2016 Notes, among the Company, certain of its subsidiaries as guarantors, and the Existing Notes Trustee;

“2016 Noteholder”

means a person who was the beneficial owner of and/or the owner of the ultimate economic interest in any of the 2016 Notes at the Record Time, whose interests in the 2016 Notes were held, directly or indirectly, through the records maintained in book entry form by a Clearing System or were previously so held through CMU, and who had a right, upon satisfaction of certain conditions, to be issued definitive certificates in accordance with the terms of the 2016 Indenture;

“2016 Notes”

means the RMB1,800,000,000 6.875% senior notes due 2016 as constituted by the 2016 Indenture and issued by the Company;

“2017 Indenture”

means the indenture dated 18 September 2012 (as amended, supplemented or otherwise modified from time to time) relating to the 2017 Notes, among the Company, certain of its subsidiaries as guarantors, and the Existing Notes Trustee;

“2017 Noteholder”

means a person who was the beneficial owner of and/or the owner of the ultimate economic interest in any of the 2017 Notes, whose interests in the 2017 Notes were held, directly or indirectly, through the records maintained in book entry form by a Clearing System at the Record Time and who had a right, upon satisfaction of certain conditions, to be issued definitive certificates in accordance with the terms of the 2017 Indenture;

“2017 Notes”

means the US\$250,000,000 12.875% senior notes due 2017 as constituted by the 2017 Indenture and issued by the Company;

“2018 Indenture”

means the indenture dated 19 March 2013 (as amended, supplemented or otherwise modified from time to time) relating to the 2018 Notes, among the Company, certain of its subsidiaries as guarantors, and the Existing Notes Trustee;

“2018 Noteholder”

means a person who was the beneficial owner of and/or the owner of the ultimate economic interest in any of the 2018 Notes, whose interests in the 2018 Notes were held, directly or indirectly,

through the records maintained in book entry form by a Clearing System at the Record Time and who had a right, upon satisfaction of certain conditions, to be issued definitive certificates in accordance with the terms of the 2018 Indenture;

“2018 Notes”

means the US\$800,000,000 8.875% senior notes due 2018 as constituted by the 2018 Indenture and issued by the Company;

“2018 Notes Depositary”

means the depositary for the HY Global Note issued pursuant to the 2018 Indenture;

“2018 Notes Depositary Instruction”

means an instruction to the 2018 Notes Depositary substantially in the form set out in Schedule 9 to the Hong Kong Scheme and Schedule 9 to the Cayman Scheme;

“2019 Indenture”

means the indenture dated 6 June 2014 (as amended, supplemented or otherwise modified from time to time) relating to the 2019 Notes, among the Company, certain of its subsidiaries as guarantors, and the Existing Notes Trustee;

“2019 Noteholder”

means a person who is the beneficial owner of and/or the owner of the ultimate economic interest in any of the 2019 Notes, whose interests in the 2019 Notes were held, directly or indirectly, through the records maintained in book entry form by a Clearing System at the Record Time and who had a right, upon satisfaction of certain conditions, to be issued definitive certificates in accordance with the terms of the 2019 Indenture;

“2019 Notes”

means the US\$400,000,000 9.00% senior notes due 2019 as constituted by the 2019 Indenture and issued by the Company;

“2020 Indenture”

means the indenture dated 8 January 2013 (as amended, supplemented or otherwise modified from time to time) relating to the 2020 Notes, among the Company, certain of its subsidiaries as guarantors, and the Existing Notes Trustee;

“2020 Noteholder”	means a person who was the beneficial owner of and/or the owner of the ultimate economic interest in any of the 2020 Notes, whose interests in the 2020 Notes were held, directly or indirectly, through the records maintained in book entry form by a Clearing System at the Record Time and who had a right, upon satisfaction of certain conditions, to be issued definitive certificates in accordance with the terms of the 2020 Indenture;
“2020 Notes”	means the US\$500,000,000 10.25% senior notes due 2020 as constituted by the 2020 Indenture and issued by the Company;
“Accrued PIK Interest”	has the meaning ascribed to it in <i>“Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds”</i> of this Information Memorandum.
“Affiliates”	means, in relation to any person, its current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, partners, equity holders, members and managing members, and any of their current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, partners, equity holders, members and managing members;
“Agency Agreement”	means the paying, conversion and transfer agency agreement dated 20 December 2010, as amended, modified or supplemented from time to time, in connection with the Convertible Bonds, between, (amongst others) the Company, the Subsidiary Guarantors, the CB Trustee and Citibank, NA London Branch as Principal Agent;
“Agent Appointment Letters”	means the agent appointment letters in relation to each series of the New HY Notes to be entered into between, among others, the Company and the agents named therein;
“AlixPartners Report”	means the report dated 21 March 2016 set out in Appendix 5 to the Explanatory Statement, which was prepared by AlixPartners Services UK LLP;

“Amended and Restated Intercreditor Agreement”	means the Existing Intercreditor Agreement as amended and restated pursuant to the terms of the Schemes;
“Articles of Association”	means the articles of association of the Company;
“Auditor”	means auditors of the Company as appointed from time to time;
“Automatic Exchange Transaction”	has the meaning given to it in “ <i>Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds</i> ” of this Information Memorandum;
“Blockages”	means the blockage decided by the Shenzhen Commission in respect of certain unsold units of some property projects of the Group in Shenzhen, which were under pre-sale and then blocked from processing and filing sale and purchase agreements;
“Board”	means the board of Directors;
“Business Day”	means any day (other than a Saturday or Sunday or a public holiday) on which banks are open for general business in Hong Kong, the Cayman Islands, New York and Singapore;
“BVI”	means the British Virgin Islands;
“Cash Interest”	has the meaning given to it in paragraph 12.2(f)(i)(A) of the Explanatory Statement;
“Cayman Islands” and “CI”	means the Cayman Islands;
“Cayman Scheme Convening Hearing”	means the hearing of the Grand Court on 7 April 2016 when the Hon. Mr. Justice McMillan granted leave to convene the CI Scheme Meeting;
“Cayman Scheme Sanction Hearing”	means the hearing of the Grand Court for the purpose of sanctioning the Cayman Scheme held on 9 June 2016;
“CB Global Note”	means the global note representing the Convertible Bonds;

“CB Holders”	means the persons who held the ultimate economic interest, whether as principal, beneficiary or otherwise, in the Convertible Bonds held in global form through the Clearing Systems at the Record Time and had a right, upon satisfaction of certain conditions, to be issued definitive certificates in accordance with the terms of the Convertible Bonds, and “CB Holder” means any one of them;
“CBRC”	means the China Banking Regulatory Commission;
“CB Trust Deed”	means the trust deed dated 20 December 2010 (as amended, supplemented or otherwise modified from time to time) between the Company, the Subsidiary Guarantors and the CB Trustee constituting the Convertible Bonds;
“CB Trustee”	means Citicorp International Limited, as trustee and security trustee under the CB Trust Deed;
“Centaline”	means Shenzhen Centaline Property Consultants Ltd., Centaline Real Estate Agency (Shenzhen) Ltd., Changsha branch and Huizhou branch, Chongqing Centaline Property Consultants Ltd., Dongguan Centaline Property Consultants Ltd., Zhuhai Centaline Property Consultants Ltd., Hubei Centaline Property Agency Ltd., Shanghai Centaline Property Agency Ltd., Foshan Centaline Property Agency Limited Company, Chengdu Centaline Property Consultants Ltd. and Shenyang Centaline Property Agency Ltd.;
“Chairman Kwok”	means Mr. Kwok Ying Shing;
“Change of Control Triggering Event”	has the meaning given to it in the New Indentures;
“Chapter 15 Recognition Order”	means an order the Hon. Justice Sean Lane of the U.S. Bankruptcy Court dated 14 July 2016 recognising and giving effect to the Hong Kong Scheme;

“CI Scheme Meeting”	means the meeting of the Scheme Creditors in relation to the Cayman Scheme held at the offices of Harneys in the Cayman Islands with a telephone dial-in facility and a connection via video-link to the Hong Kong offices of Ropes & Gray on 20 May 2016 as convened by order of the Hon. Mr. Justice McMillan of the Grand Court made on 7 April 2016;
“Claims”	means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, contribution, indemnification, damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, accrued or unaccrued, foreseen or unforeseen, matured or unmatured, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation or any failure to perform any obligation or any omission, whether arising at common law, in equity or by statute in or under any of the laws of Hong Kong, the United States, or the Cayman Islands or under any other law and irrespective of, jurisdiction and howsoever arising and “Claim” shall be construed accordingly;
“Clearing Systems”	means Euroclear, Clearstream and DTC;
“Clearstream”	means Clearstream Banking, Société Anonyme;
“CMU”	means the Central Moneymarkets Unit Service, the book-entry clearing system operated by the HKMA;
“Code”	means the U.S. Internal Revenue Code of 1986, as amended;
“Common Depositary”	means the common depositaries for Euroclear and Clearstream in respect of the Convertible Bonds, the 2017 Notes, the 2019 Notes and the 2020 Notes;
“Common Security Trustee”	means Citicorp International Limited, as security trustee under the Existing Intercreditor Agreement and, on and from the Restructuring Effective Date,

	under the Amended and Restated Intercreditor Agreement;
“Common Shares”	means the ordinary shares of the Company which are currently listed on the SEHK of par value of HK\$0.1 each;
“Companies Law”	means the Companies Law (2013 Revision) as applicable in the Cayman Islands;
“Companies Ordinance”	means the Companies Ordinance (Cap 622 of the laws of Hong Kong) as applicable in Hong Kong;
“Company”	means Kaisa Group Holdings Ltd., a company incorporated in the Cayman Islands with registered number CT-192502;
“connected person”	has the meaning given to it in paragraph 13.4(bb) of the Explanatory Statement;
“Consenting Creditors”	has the meaning given to it in the RSA;
“Convening Hearings”	means the Cayman Scheme Convening Hearing and the Hong Kong Convening Hearing
“Conversion Price”	has the meaning ascribed to it in <i>“Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds”</i> of this Information Memorandum;
“Convertible Bonds”	means the RMB1,500,000,000 USD settled 8.00% convertible bonds due 2015 issued by the Company and constituted by the CB Trust Deed;
“Current Assets”	means the Group’s total current assets as set out in the Unaudited Management Accounts;
“Current Liabilities”	means the Group’s total current liabilities as set out in the Unaudited Management Accounts;
“CVR Agent Appointment Letter”	has the meaning given to it in the CVR Agreement;
“CVR Agreement”	means the agreement setting out the terms and conditions of the CVRs substantially in the form in Schedule 13 to the Schemes;

“CVRs”	means the contingent value rights instrument issued by the Company pursuant to the Schemes;
“CVR Triggering Event”	has the meaning given to it in “ <i>The Terms and Conditions of the Contingent Value Rights</i> ”;
“CVR Trustee”	has the meaning given to it in “ <i>The CVR Agreement</i> ”;
“Deed of Undertaking”	means the Deed of Undertaking pursuant to which each Subsidiary Guarantor and Subsidiary Guarantor Pledgors agrees to, amongst other things, execute all such documents, and do all acts or things, as may be necessary or desirable to be executed or done by them for the purposes of giving effect to the Schemes and which deed is set out in Schedule 3 to the Schemes;
“Deeds of Release”	means the deeds of release between, <i>inter alios</i> , the Company, the Subsidiary Guarantors and the Scheme Creditors, substantially in the form set out in Schedule 11 to the Schemes;
“Depositary”	means any or all of the Common Depositary, the 2018 Notes Depositary or the HKMA, as applicable;
“Directors”	means the directors of the Company from time to time;
“Disqualified Person”	means a person who is disqualified from holding, receiving or handling any of the Scheme Consideration pursuant to any applicable laws or regulations;
“DTC”	means the Depository Trust Company, its nominees and successors;
“DTZ”	means DTZ Cushman & Wakefield;
“EEA”	means the European Economic Area;
“Enforcement Action”	means, in relation to any Existing Finance Document or any other right, power, privilege or remedy arising howsoever as a matter of applicable

law:

(a) the taking of any steps to enforce or require the enforcement of any security granted by any of the Company or the Subsidiary Guarantors; and

(b) exercising any right, power, privilege or remedy in connection with the foregoing,

except that the following shall not constitute Enforcement Action:

(i) the taking of any action which is necessary to preserve the validity, existence, or priority of claims in respect of the Existing HY Notes and/or Convertible Bonds and/or the Existing Offshore Loans before any court or government authority and the bringing, supporting, or joining of proceedings to prevent any loss of the right to bring, support, or join proceedings by reason of any applicable limitation periods;

(ii) a Consenting Creditor or Supporting Creditor (or any trustee or agent acting on its behalf) bringing Proceedings against any person solely for the purpose of:

(A) obtaining injunctive relief (or analogous remedy outside Hong Kong) to restrain any actual or putative breach of the Existing Finance Documents;

(B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages; or

(C) requesting judicial interpretation of any provision of the Existing Finance Documents; and

(iii) a Consenting Creditor or Supporting Creditor (or any trustee or agent acting on its behalf) taking any step that it determines is required to comply with its obligations under the RSA or Support Undertaking (as applicable).

“Enterprise Income Tax Law”	has the meaning given to it in paragraph 13.8(a) of the Explanatory Statement;
“Enterprise Income Tax Laws”	has the meaning given to it in paragraph 13.8(b) of the Explanatory Statement;
“ERISA”	means the U.S. Employee Retirement Income Security Act of 1974, as amended;
“Euroclear”	means Euroclear Bank S.A./N.V. as operator of the Euroclear clearing system;
“Exchange Convertible Bonds”	means the convertible bonds due 31 December 2019 issued pursuant to the occurrence of the Automatic Exchange Transaction, with the rights set out in <i>“Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds”</i> of this Information Memorandum;
“Exchange Date”	means the date on which the New HY Notes, the Mandatorily Exchangeable Bonds and the CVRs were issued under, respectively, the New Indentures, the New Trust Deed and the CVR Agreement, after the Schemes were sanctioned;
“Exchange Date Principal Amount”	means (a) the Reference Date Principal Amount, plus (b) accrued and unpaid interest on the Reference Date Principal Amount, calculated using the Spot Rate to convert the RMB-denominated 2016 Notes, RMB-denominated Existing Offshore Loans and HKD-denominated Existing Offshore Loans into U.S. dollar-denominated amounts, compounding semi-annually at (i) 6.56% per annum in the case of the Existing HY Notes and Existing Offshore Loans and (ii) 5.56% per annum in the case of the Convertible Bonds, from (and including) the Reference Date through (but excluding) the Issue Date;
“Exempted Subsidiaries”	has the meaning given to it in paragraph 13.5(a) of the Explanatory Statement;
“Existing Collateral”	means the collateral granted under the Existing Security Documents;

“Existing Finance Documents”	means the Existing HY Notes, the Convertible Bonds, the Existing Indentures, the CB Trust Deed, the Existing Offshore Loans and all agreements and instruments relating to the Existing Offshore Loans, and the Existing Intercreditor Agreement and any related guarantee or security documents;
“Existing HY Notes”	means, collectively, the 2016 Notes, 2017 Notes, 2018 Notes, 2019 Notes and 2020 Notes;
“Existing Indentures”	means, collectively, the 2016 Indenture, the 2017 Indenture, the 2018 Indenture, the 2019 Indenture and the 2020 Indenture;
“Existing Intercreditor Agreement”	means the intercreditor agreement dated 20 December 2010, as amended and supplemented from time to time, between (amongst others) the Company, the Subsidiary Guarantor Pledgors, the Common Security Trustee, the Existing Notes Trustee and the CB Trustee;
“Existing Notes Trustee”	means Citicorp International Limited, as trustee under each of the Existing Indentures;
“Existing Offshore Loans”	means the HSBC 2013 Loan, the HSBC 2014 Loan, the HSBC ISDA and the ICBC 2013 Loan;
“Existing Offshore Loans Creditor”	means an Existing Offshore Loans Lender or any assignee of any interest in any of the Existing Offshore Loans whereby such assignee owns beneficially the ultimate economic interest in any of the Existing Offshore Loans at the Record Time;
“Existing Security Documents”	means the security documents in respect of the Existing Shared Collateral listed in Schedule 2 of the form of the Amended and Restated Intercreditor Agreement;
“Existing Shared Collateral”	means the “Collateral” (as defined in each of the Existing Indentures and the CB Trust Deed) held by the Common Security Trustee for, <i>inter alios</i> , the Noteholders, the CB Holders and the Existing Offshore Loans Creditors (save for HSBC in respect of the HSBC 2014 Loan and the HSBC ISDA);

“Existing Transaction Documents”	means the documents listed in Schedule 5 to the Hong Kong Scheme and Schedule 5 to the Cayman Scheme;
“Explanatory Statement”	means the explanatory statement of the Company dated 22 April 2016;
“FATCA”	has the meaning given to it in paragraph 12.2(j)(iii)(A) of the Explanatory Statement;
“FIREE”	means foreign invested real estate enterprise;
“FSMA”	means the Financial Services and Markets Act 2000;
“Future PIK Interest”	has the meaning ascribed to it in “ <i>Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds</i> ” of this Information Memorandum;
“Future PIK Listing Approval”	has the meaning ascribed to it in “ <i>Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds</i> ” of this Information Memorandum;
“GFA”	means gross floor area;
“Global Certificate”	means the global certificate issued in relation to any of the Scheme Consideration;
“Global CVR”	means the global CVR representing the CVRs;
“Global Notes”	means the CB Global Note and the HY Global Notes;
“Grand Court”	means the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom;
“Harneys”	means Harney Westwood & Riegels, a law firm;
“HIBOR”	means the Hong Kong Interbank Offered Rate, which is the rate of interest offered on Hong Kong dollar loans by banks in the interbank market for a specified period ranging from overnight to one year;

“High Court”	means the High Court of Hong Kong and any court capable of hearing appeals therefrom;
“HK Scheme Meeting”	means the meeting of the Scheme Creditors held at the Hong Kong offices of Ropes & Gray with a telephone dial-in facility and a connection via video-link to the Cayman Islands offices of Harneys on 20 May 2016 in relation to the Hong Kong Scheme as convened by order of the Hon. Mr. Justice Harris of the High Court at the Hong Kong Scheme Convening Hearing made on 19 April 2016;
“HKFRS”	means the Hong Kong Financial Reporting Standard;
“HKMA”	means the Hong Kong Monetary Authority;
“Holding Period”	means the period of 12 months from the Restructuring Effective Date;
“Holding Period Trustee”	means Lucid as trustee of the Trust Securities for and on behalf of the Scheme Creditors, or any additional or replacement trustee of the Trust Securities as may be appointed from time to time in accordance with Clause 16.5 of the Schemes;
“Hong Kong Scheme Convening Hearing”	means the hearing of the High Court on 19 April 2016, when the Hon. Mr. Justice Harris granted leave to convene the HK Scheme Meeting
“Hong Kong Scheme Sanction Hearing”	means the hearing of the High Court for the purpose of sanctioning the Hong Kong Scheme held on 10 June 2016;
“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited;
“HSBC 2013 Loan”	means the loan facility dated 2 August 2013 between the Company and HSBC in an aggregate amount of HK\$400,000,000;
“HSBC 2014 Loan”	means the loan facility dated 26 May 2014 between the Company and HSBC comprising two loans of (i) an aggregate principal amount of up to HK\$350,000,000 and (ii) an aggregate principal

amount of up to HK\$400,000,000 as varied by a letter from HSBC dated 11 August 2014;

“HSBC ISDA”

means the 2002 ISDA Master Agreement dated 11 April 2013 between HSBC and the Company, its Schedules and Confirmations (all as amended and supplemented from time to time) and related documents;

“Hunan Daye”

means Hunan Daye Property Development Co Ltd, a wholly-owned subsidiary of the Company;

“HY Global Notes”

means the global notes representing each of the Existing HY Notes;

“ICBC”

means Industrial and Commercial Bank of China (Asia) Limited;

“ICBC 2011 Loan”

means the US\$59,500,000 term loan granted by ICBC in favour of Hong Kong Kaisa Industry Co., Limited pursuant to a facility letter dated 2 March 2011;

“ICBC 2013 Loan”

means the loan facility dated 2 September 2013 between the Company and ICBC in the aggregate amount of HK\$250,000,000;

“ICBC Paris”

means Industrial and Commercial Bank of China, Paris Branch;

“ICBC Paris 2013 Loan”

means the U.S. dollar-denominated term loan facility with an aggregate principal amount of up to US\$40,000,000, pursuant to a facility letter signed on 28 October 2013 between the Group, as guarantor, Wan Jin Chang, as borrower, and ICBC Paris, as lender;

“ICBC Paris 2014 Loan I”

means the U.S. dollar-denominated term loan facility with an aggregate principal amount of up to US\$35,000,000, pursuant to a facility letter signed on 30 April 2014 between the Group, as guarantor, Wan Jin Chang, as borrower, and ICBC Paris, as lender;

“ICBC Paris 2014 Loan II”

means the U.S. dollar-denominated term loan facility with an aggregate principal amount of up to

	US\$25,000,000, pursuant to a facility letter signed on 30 April 2014 between the Group, as guarantor, Wan Jin Chang, as borrower, and ICBC Paris, as lender;
“ICBC Paris Loans”	means the ICBC Paris 2014 Loan I, ICBC Paris 2014 Loan II, and ICBC Paris 2013 Loan;
“ICBC Shenzhen”	means Industrial and Commercial Bank of China, Shenzhen Shen Dong Branch;
“IFRS”	means International Financial Reporting Standards;
“Independent Committee”	means the Independent Committee established by the Board in or around April 2015 for the purpose of reviewing the financial statements of the Group as at and for the period ended 31 December 2014, and assisting the Auditor to finalise the audit of those financial statements;
“Independent Investment Bank”	means an independent investment bank of international repute (acting as an expert) selected by the Company, and if the Company fails to select an Independent Investment Bank when required, the Existing Offshore Loans Creditors with respect to the USD/HKD rate or USD/RMB rate as the case may be, may select the Independent Investment Bank.
“Initial Supporting Notes Notice”	means the supporting notes notices provided on the date of the Support Undertaking pursuant to Clause 9.1 of the Support Undertaking by the Supporting Creditors that are original parties to this Agreement;
“Inland Revenue Ordinance”	means the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong);
“Interest Payment Date”	means 30 June and 31 December;
“JV Subsidiary Guarantees”	has the meaning given to it in the New Indentures;
“JV Subsidiary Guarantors”	has the meaning given to it in the New Indentures;
“Kaisa Property Liaoning”	means Kaisa Properties (Liaoning) Co., Ltd., a subsidiary of the Company;

“Kaisa Shenzhen”	means Kaisa Group (Shenzhen) Co., Ltd;
“LAT”	means Land Appreciation Tax of the PRC;
“Liability”	means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether based on contract (including quasi-contract), guarantee, indemnity or estoppel, statute, regulation, common law, tort, equity, otherwise in or under any of the laws of Hong Kong, the United States, the Cayman Islands or under any other law irrespective of jurisdiction and howsoever arising and “Liabilities” shall be construed accordingly;
“Listing Approvals”	has the meaning ascribed to it in <i>“Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds”</i> of this Information Memorandum;
“Listing Rules”	means the Rules Governing the Listing of Securities of SEHK;
“Longgang Projects”	means Shenzhen Kaisa City Plaza and Shenzhen Kaisa Yuefeng Garden, being the two property development projects situated in the Longgang district of Shenzhen;
“Lucid”	means Lucid Issuer Services Limited;
“Mandatory Exchange Conditions”	has the meaning ascribed to it in <i>“Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds”</i> of this Information Memorandum;
“Mandatory Redemption Date”	has the meaning ascribed to it in <i>“Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds”</i> of this Information Memorandum;
“Market Capitalization Milestone”	has the meaning ascribed to it in <i>“Terms and Conditions of the Contingent Value Rights”</i> of this

Information Memorandum;

“Maturity Date”

means each of the following dates:

- (a) 31 December 2019 in relation to the Series A Notes;
- (b) 30 June 2020 in relation to the Series B Notes;
- (c) 31 December 2020 in relation to the Series C Notes;
- (d) 30 June 2021 in relation to the Series D Notes;
- (e) 31 December 2021 in relation to the Series E Notes;

“Maximum MEB Amount”

means the Exchange Date Principal Amount represented by the Convertible Bonds;

“MEB Agency Agreement”

means the agreement substantially in the form in Schedule 15 to the Schemes;

“MEB Redemption Amount”

means the greater of:

- (a) an amount equal to the sum of (x) the cash and PIK interest on the aggregate principal amount of Mandatorily Exchangeable Bonds which would have accrued if the interest rate applicable to the Mandatorily Exchangeable Bonds had been the same as the interest rate applicable to the Series A Notes assuming both were outstanding from the Reference Date to the Mandatory Redemption Date, less any accrued cash and PIK interest (whether or not paid yet) on the Mandatorily Exchangeable Bonds had they been outstanding from the Reference Date to the Mandatory Redemption Date and (y) a redemption premium equal to 2.0% of the principal amount of the Mandatorily Exchangeable Bonds on the Mandatory Redemption Date (which, for the avoidance of doubt, includes any PIK Interest that has been capitalised and added to the outstanding principal amount of the Mandatorily Exchangeable Bonds as of, and the

PIK Interest since the last interest payment date accrued up to, the Mandatorily Redemption Date); and

- (b) an amount equal to the product of (x) the difference between the 30-day VWAP of the Common Shares five business days prior to the Mandatory Redemption Date and the Conversion Price and (y) the quotient of the aggregate principal amount of the Mandatorily Exchangeable Bonds on the Mandatory Redemption Date (which, for the avoidance of doubt, includes any PIK Interest that has been capitalised and added to the outstanding principal amount of the Mandatorily Exchangeable Bonds as of, and the PIK Interest since the last interest payment date accrued up to, the Mandatory Redemption Date) and the Conversion Price;

“Ministry of Land and Resources” means the Ministry of Land and Resources of the PRC;

“MOFCOM” means the PRC Ministry of Commerce;

“MOFCOM Circular” means the Circular on Issues Concerning Cross-Border Renminbi Direct Investment promulgated on 3 December 2013 by the MOFCOM;

“MOHURD” means the PRC Ministry of Housing and Urban Renewal Development;

“Mr Sun” means Mr Yuenan Sun;

“National People’s Congress” means the National People’s Congress of the PRC and its Standing Committee;

“New Collateral” means the collateral granted pursuant to the New Securities Documents;

“New HY Notes Trustee” means Wilmington Trust, National Association, as trustee under the New Indentures;

“New MEB Trustee” means U.S. Bank, National Association, as trustee of the Mandatorily Exchangeable Bonds;

“New Non-Guarantor Restricted Subsidiaries”	has the meaning given to it in the New Indentures;
“New Security Documents”	means the new security documents listed in Schedule 3 to the Amended and Restated Intercreditor Agreement;
“New York” and “New York City”	means the City of New York, United States;
“Non-Guarantor Subsidiaries”	has the meaning given to it in the New Indentures;
“Noteholders”	means the 2016 Noteholders, the 2017 Noteholders, the 2018 Noteholders, the 2019 Noteholders and the 2020 Noteholders, and “Noteholder” means any one of them;
“NPC”	means the National People’s Congress of the PRC and its Standing Committee;
“OID”	has the meaning given to it in paragraph 12.2(f)(ii)(A) of the Explanatory Statement;
“Official Liquidation”	means the process by which a company is compulsorily wound up by order of the Grand Court in accordance with Part V of the Companies Law;
“Onshore Lenders”	means financial institutions or lenders in the PRC who lend to the Group in the PRC;
“Onshore Operating Entities”	means the PRC incorporated Subsidiaries of the Company, which are involved in the operation of the property development projects of the Group;
“Onshore Operations”	means the property development projects predominately carried out by the Onshore Operating Entities within the PRC;
“Order”	means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
“PAG”	means PA Bloom Opportunity V Limited and PA International Opportunity VI Limited;
“Paying Agent”	means Citibank, NA London Branch, as Paying Agent under the Agency Agreement;

“PBOC”	means the People’s Bank of China, the central bank of the PRC;
“PBOC Measures”	means the Administrative Measures on Settlement of Cross-Border Renminbi Direct Investment (PBOC Announcement 2011 No. 23) promulgated by the PBOC on 13 October 2011;
“PBOC RMB FDI Detail Rules”	means the notice of PBOC on Clarifying the Detailed Operating Rules for RMB Settlement of Foreign Direct Investment issued by PBOC on 14 June 2012;
“Permitted <i>Pari Passu</i> Secured Indebtedness”	means secured indebtedness incurred as “Permitted <i>Pari Passu</i> Secured Indebtedness” under, and in compliance with the terms of each of the Existing Indentures and the CB Trust Deed;
“person”	includes an individual, firm, partnership, company, corporation, other legal entity, unincorporated body of persons or any state or state agency;
“PFIC”	has the meaning given to it in paragraph 12.2(f)(iv)(A) of the Explanatory Statement;
“PHS”	means property held for sale;
“PIK”	means payment in kind;
“PIK Notes”	has the meaning given to it in paragraph 12.2(f)(iii)(B) of the Explanatory Statement;
“Plans”	has the meaning given to that term in paragraph 2.13 (<i>Certain ERISA and Related Consideration</i>) of the Explanatory Statement;
“Principal Agent”	means Citibank, NA London Branch, as Principal Agent under the Agency Agreement;
“Proceeding”	means any process, action, legal or other proceeding including any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, execution, decision, forfeiture, re-entry, seizure, lien, enforcement of judgment or enforcement of any security or other right;

“Profit Warning”	means the announcement made by the Company on 16 February 2015, that its total interest-bearing debt as at 31 December 2014 amounted to RMB65 billion (equivalent to approximately HK\$82 billion or US\$10.58 billion), representing an increase of RMB35.2 billion (equivalent to approximately HK\$44.6 billion or US\$5.75 billion) from 30 June 2014;
“Prospectus Directive”	means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) and includes any relevant implementing measure in each member state;
“PUD”	means property under development;
“Qualified Exchange”	means either (1) the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange, the Nasdaq Stock Market or the SGX-ST or (2) a national securities exchange (as such term is defined in Section 6 of the U.S. Securities Exchange Act of 1934, as amended) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act;
“qualified investors”	has the meaning ascribed to it under Article 2(1)(e) of the Prospectus Directive;
“Record Time”	means 9.00 a.m. (Cayman Islands time) on 18 May 2016 / 10.00 p.m. (Hong Kong time) on 18 May 2016 / 10.00 a.m. (New York City time) on 18 May 2016;
“Reference Date”	means 1 January 2016;
“Reference Date Principal Amount”	means the aggregate principal amount of the Existing HY Notes, the Convertible Bonds and the Existing Offshore Loans outstanding on the Reference Date, plus any accrued and unpaid interest under the Existing HY Notes, the Convertible Bonds and the Existing Offshore Loans, compounding semi-annually at the interest rates applicable to the Existing HY Notes, the Convertible Bonds and the Existing Offshore Loans in accordance with their relevant indentures,

	instruments or agreements, through (but excluding) the Reference Date;
“Reference Dealers”	means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Company;
“Reference Share Price”	means the 30-day VWAP of the Common Shares immediately prior to the Calculation Date;
“Registrar”	means Citicorp International Limited as registrar of under the 2016 Notes, Citigroup Global Markets Deutschland AG as registrar under the 2017 Notes, the 2018 Notes, the 2019 Notes, the 2020 Notes and the Convertible Bonds;
“Related Party Transactions”	has the meaning ascribed to it in the Hong Kong Accounting Standard 24 including (but not limited to) the transactions the Group has engaged in with its major shareholders;
“Relevant Event”	has the meaning given to it in the New Trust Deed;
“Relevant Member State”	means each member state of the European Economic Area;
“restricted securities”	has the meaning ascribed to it in Rule 144(a)(3) under the Securities Act;
“Restricted Subsidiaries”	has the meaning ascribed to it in the New Indentures;
“Restrictions”	means the restrictions as described by paragraph 9.2 (c) of the Explanatory Statement;
“Restructuring”	means the financial restructuring of the Existing HY Notes, the Convertible Bonds and the Existing Offshore Loans in accordance with the Restructuring Terms and as implemented through the Restructuring Documents;
“Restructuring Documents”	means, collectively: <ul style="list-style-type: none"> (a) the New Indentures; (b) the Agent Appointment Letters;

- (c) the New Trust Deed;
- (d) the MEB Agency Agreement;
- (e) the CVR Agreement;
- (f) the CVR Agent Appointment Letter;
- (g) the Amended and Restated Intercreditor Agreement;
- (h) the Global Notes representing New HY Notes;
- (i) the Global Certificate in respect of the Mandatorily Exchangeable Bonds;
- (j) the Global CVR;
- (k) the New Security Documents;
- (l) the Deeds of Release;
- (m) the Deed of Undertaking; and
- (n) all other documents, agreements, instruments, board resolutions, shareholder approvals releases, applications, notices and legal opinions necessary or desirable to implement or consummate the Restructuring in accordance with the Schemes;

“Restructuring Effective Date” has the meaning in the Hong Kong Scheme and Cayman Scheme;

“Restructuring Proposal” means the financial and debt restructuring of the Company and its subsidiaries contemplated by the Schemes, the Restructuring Documents and the Explanatory Statement, including (but not limited to) any and all compromises/agreements or debt exchanges between the Company and/or its subsidiaries and persons that are not parties to the Schemes;

“Restructuring Terms” means the terms of the Restructuring set out in the term sheet attached at Schedule 3 to the RSA and Schedule 3 to the Support Undertaking;

“RMB FDI”	means the PBOC’s detailed Renminbi foreign direct investments;
“RSA”	means the restructuring support agreement dated 10 January 2016 as amended from time to time between (amongst others) the Company and the Consenting Creditors;
“Rule 144”	means Rule 144 of the Securities Act;
“Sanction Hearings”	means the Cayman Scheme Sanction Hearing and the Hong Kong Scheme Sanction Hearing, as relevant;
“Scheme Claim”	means any claim in respect of any Liability of the Company to any person arising out of an interest in each or any of the Existing HY Notes, the Convertible Bonds or the Existing Offshore Loans;
“Scheme Consideration”	means the New HY Notes, the CVRs, and the Mandatorily Exchangeable Bonds;
“Scheme Creditors”	means the creditors of the Company in respect of Scheme Claims including (but without double counting in each case) the Common Depositary, the 2018 Notes Depositary, the HKMA, the Existing Notes Trustee, each of the Noteholders, the CB Trustee, the Common Security Trustee, each of the CB Holders, certain account holders, intermediaries and the Existing Offshore Loans Creditors, and “Scheme Creditor” means any one of them;
“Scheme Meetings”	means the HK Scheme Meeting and the CI Scheme Meeting;
“Scheme Supervisor”	means such person as is appointed in accordance with Clause 25 of the Schemes, and shall initially be Lucid;
“Schemes”	means the Hong Kong Scheme and the Cayman Scheme;
“SEC”	means the United States Securities and Exchange Commission;

“Security Documents”	means the Existing Security Documents and the New Security Documents;
“SEHK”	means The Stock Exchange of Hong Kong Limited;
“Series A Indenture”	means the indenture relating to the Series A Notes, substantially in the form of the document in Schedule 12 of the Schemes, entered into between, amongst others, the Company and the New HY Notes Trustee;
“Series B Indenture”	means the indenture relating to the Series B Notes, substantially in the form of the document in Schedule 12 of the Schemes, entered into between, amongst others, the Company and the New HY Notes Trustee;
“Series C Indenture”	means the indenture relating to the Series C Notes, substantially in the form of the document in Schedule 12 of the Schemes, entered into between, amongst others, the Company and the New HY Notes Trustee;
“Series D Indenture”	means the indenture relating to the Series D Notes, substantially in the form of the document in Schedule 12 of the Schemes, entered into between, amongst others, the Company and the New HY Notes Trustee;
“Series E Indenture”	means the indenture relating to the Series E Notes, substantially in the form of the document in Schedule 12 of the Schemes, entered into between, amongst others, the Company and the New HY Notes Trustee;
“SFA”	means the Securities and Futures Act, Chapter 289 of Singapore;
“Shanghai Xinwan”	means Shanghai Xinwan Investment Development Co. Ltd;
“Shanghai Yingwan”	means Shanghai Yingwan Zhaoye Property Development Co Ltd, a subsidiary owned as to 51% by the Company;

“Shareholder Resolutions”	has the meaning ascribed to it in “ <i>Terms and Conditions of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds</i> ” of this Information Memorandum;
“Shares”	means 5,135,427,9190 ordinary shares of the Company with a par value of HK\$0.10 each;
“Shenzhen Commission”	means the Shenzhen Urban Planning and Land and Resources Commission;
“Similar Legislation”	means state, local, federal or non U.S. laws that are substantially similar to the provisions of ERISA and the Code which affect Plans and/or Tax Advantaged Arrangement;
“Sino Life”	means Funde Sino Life Insurance Co., Ltd.;
“Spot Rate”	means a rate determined by the Company in good faith as follows: <ul style="list-style-type: none"> (a) in respect of the USD Equivalent of an RMB-denominated amount, the RMB/US dollar official fixing rate, expressed as the amount of RMB per one U.S. dollar, reported by the People’s Bank of China which appears on the Reuters Screen “SAEC” Page opposite the symbol “USDCNY” page at or about 9:15 am (Beijing time) on the day on which the Record Time occurs; (b) in respect of the USD Equivalent of a HK dollar-denominated amount, the bid exchange rate, expressed as the amount of HK dollars per one U.S. dollar, which appears on the relevant Reuters “HKDFIX” page at 11:00 am (Hong Kong time) on the day on which the Record Time occurs; (c) if no such rate is available under sub-paragraph (a) or (b), the spot rate determined by the Company in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Record Time as obtained in accordance with the provisions

below; and

- (d) if fewer than two quotations are provided under sub-paragraph (c), the exchange rate for the Record Time as shall be determined by an Independent Investment Bank in good faith.

In determining the spot rate under sub-paragraph (c) above, the Company will request the Beijing (for determining the USD Equivalent of an RMB-denominated amount) or Hong Kong (for determining the USD Equivalent of an HK dollar-denominated amount) office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available at the Record Time, based upon each Reference Dealer's experience in the foreign exchange market for RMB or HK dollars (as applicable) and general activity in such market at the Record Time. The quotations used to determine the Spot Rate at the Record Time will be requested at the Record Time or as soon as practicable after it is determined that the specified screen rate is not available.

If four quotations are provided, the rate at the Record Time will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate at the Record Time will be the arithmetic mean of the rates provided;

“Subsidiary”

means a company is a “**subsidiary**” of another company, its “**holding company**”, if that other company (a) holds a majority of voting rights in it; (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it, or, if it is a subsidiary of a company that is itself a subsidiary of that other

company;

“Subsidiary Guarantees”

means :

(a) before the Restructuring Effective Date, the guarantees given by the Subsidiary Guarantors to guarantee the obligations of the Company under the Existing Indentures and the CB Trust Deed; and

(b) on and from the Restructuring Effective Date, the guarantees given by the Subsidiary Guarantors to guarantee the obligations of the Company under the New Indentures and the New Trust Deed;

“Subsidiary Guarantor Pledgors”

means certain of the Subsidiary Guarantors that have pledged:

(a) prior to Restructuring Effective Date, the Existing Collateral to the Existing Note Trustee, the CB Security Trustee and/or the Common Security Trustee; and

(b) on and from the Restructuring Effective Date, the New Collateral to the Common Security Trustee,

and which are marked with an asterisk (*) in the Corporate Structure Chart at Appendix 18 to the Explanatory Statement;

“Sunac”

means Sunac China Holdings Limited, a company incorporated in the Cayman Islands with registered number 186588;

“Sunac Representative”

means the Sunac employee who was appointed as an executive vice president of the Company to lead its accounting team in or about the first half of 2015 but who departed shortly after April 2015;

“Supporting Creditors”

means a Scheme Creditor (or any fund or other entity advising or managing a Scheme Creditor that is acting on behalf of that Scheme Creditor) that is an original party to the Support Undertaking and has provided an Initial Supporting Notes Notice, or which has agreed to be bound by the terms of the

	Support Undertaking as a Supporting Creditor in accordance with Clause 9.3 of the Support Undertaking, but excludes any Supporting Creditor that has exercised its right to terminate the Support Undertaking in accordance with its terms;
“Supporting Notes”	has the meaning given to it in the RSA;
“Supporting Notes Notice”	means a notice substantially in the form set out in Schedule 5 (<i>Supporting Notes Notice</i>) of the RSA;
“Support Undertaking”	means the agreement dated 17 March 2016 between (amongst others) the Company, the Subsidiary Guarantors and the Supporting Creditors;
“Tax Advantaged Arrangement”	means certain transactions involving the assets of the Plan, or the assets of a plan, account or arrangement that is not subject to ERISA but is subject to Section 4975 of the Code, such as a U.S. individual retirement account;
“TIA”	means the U.S. Trust Indenture Act of 1939, as amended.
“Transfer Agent”	means Citibank, NA London Branch, as Transfer Agent under the Agency Agreement;
“Treasury Regulations”	has the meaning given to it in paragraph 12.2(a) of the Explanatory Statement;
“Trust Indenture Act”	means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa – 77bbbb), as amended and in effect from time to time;
“Trust Securities”	has the meaning given to it in Clause 16.2 of the Hong Kong Scheme and the Cayman Scheme;
“Unrestricted Subsidiaries”	has the meaning ascribed to it in the New Indentures;
“US Bankruptcy Court”	means the United States Bankruptcy Court for the Southern District of New York;
“USD Equivalent”	means, in respect of any RMB or HK dollar-denominated amounts, such amounts in RMB or

HKD divided by the relevant Spot Rate;

“U.S. Holder”

has the meaning given to that term in paragraph 12.2(c) of the Explanatory Statement;

“Wan Jin Chang”

means Wan Jin Chang Investment Company Limited, one of the Company’s wholly owned Subsidiaries;

“佳兆業”

means the brand name and brand image “Kaisa”.

FORWARD-LOOKING STATEMENTS

This Information Memorandum contains certain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- our business and operating strategies;
- our capital expenditure and property development plans;
- the amount and nature of, and potential for, future development of our business;
- various business opportunities that we may pursue;
- our operations and business prospects;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- extra time required in obtaining the necessary permits or approvals for the development of our projects;
- projects under development or held for future development;
- the regulatory environment for our industry in general;
- the performance and future developments of the property market of the PRC or any region of the PRC in which we may engage in property development;
- changes in the political, economic, legal and social conditions in the PRC, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply, availability and cost of financing, pre-sale, pricing and volume of our property development projects;
- significant delay in obtaining the various permits, proper legal titles or approvals for our properties under development or held for future development;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;

- the performance of the obligations and undertakings of the third-party contractors under various construction, building, interior decoration, material and equipment supply and installation contracts;
- changes in currency exchange rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance and some of which may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled “Risk Factors.” Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Information Memorandum, whether as a result of new information, future events or otherwise after the date of this Information Memorandum. All forward-looking statements contained in this Information Memorandum are qualified by reference to the cautionary statements set forth in this section.

TERMS AND CONDITIONS OF THE NEW HY NOTES

*The terms and conditions of each series of the New HY Notes are set out in the relevant indenture entered into between, among others, the Company and the New HY Notes Trustee, substantially in the form of the Form of Indenture appended to this Information Memorandum as Appendix A (the “**Form of Indenture**”). The following is a brief summary of the terms of the New HY Notes and is qualified in its entirety by the terms of the Form of Indenture. Terms used in this summary and not otherwise defined shall have the meanings given to them in the Form of Indenture.*

Issuer..... Kaisa Group Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability.

Instruments..... US\$277,460,905 Series A Variable Rate Senior Notes due 31 December 2019 (the “**Series A Notes**”);

US\$499,429,957 Series B Variable Rate Senior Notes due 30 June 2020 (the “**Series B Notes**”);

US\$610,414,552 Series C Variable Rate Senior Notes due 31 December 2020 (the “**Series C Notes**”);

US\$665,906,865 Series D Variable Rate Senior Notes due 30 June 2021 (the “**Series D Notes**”); and

US\$721,398,993 Series E Variable Rate Senior Notes due 31 December 2021 (the “**Series E Notes**”).

The New HY Notes and the MEBs together are referred to as the “**Instruments**”.

Subsidiary Guarantees Each of the Subsidiary Guarantors jointly and severally guarantee the due payment of all sums expressed to be payable by the Company under the New HY Notes, the MEBs and the New Trust Deed, on a *pari passu* basis among them. The initial Subsidiary Guarantors do not have significant operations or assets. The initial Subsidiary Guarantors consist of all Restricted Subsidiaries other than the Subsidiaries organized under the laws of the PRC and the Other Non-Guarantor Subsidiaries (as defined in the Indentures).

None of the existing or future Restricted Subsidiaries organized under the laws of the PRC or Exempted Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

Subsidiary Guarantors..... Each Subsidiary of the Issuer that guarantees the payment of amounts payable under the New HY Notes and the Mandatorily Exchangeable Bonds is a Subsidiary Guarantor. See “*The Subsidiaries*” for a list of the initial

Subsidiary Guarantors.

Maturity Date Series A Notes: 31 December 2019.
 Series B Notes: 30 June 2020.
 Series C Notes: 31 December 2020.
 Series D Notes: 30 June 2021.
 Series E Notes: 31 December 2021.

Interest..... The New HY Notes bear interest from (and including) the Issue Date, payable semi-annually in arrears, according to the table set out below. Interest is calculated on the basis of a 360-day year of twelve 30-day months.

All coupon rates are expressed on an annual basis (see Note).

Issue	2016	2017		30 June 2018			31 December 2018		2019 Onwards			
	PIK	Cash	PIK toggle		Cash	PIK toggle		Cash	PIK toggle			
			PIK or Cash			PIK or Cash			PIK or Cash			
Series A Notes	6.56%	1.00%	6.56%	4.61%	2.00%	4.66%	3.71%	4.10%	2.56%	2.61%	6.10%	0.56%
Series B Notes	6.56%	1.00%	6.56%	4.61%	2.00%	6.16%	5.21%	5.60%	2.56%	2.61%	7.60%	0.56%
Series C Notes	6.56%	1.00%	6.56%	4.61%	2.00%	7.16%	6.21%	6.60%	2.56%	2.61%	8.60%	0.56%
Series D Notes	6.56%	1.00%	6.56%	4.61%	2.00%	7.96%	7.01%	7.40%	2.56%	2.61%	9.40%	0.56%
Series E Notes	6.56%	1.00%	6.56%	4.61%	2.00%	8.46%	7.51%	7.90%	2.56%	2.61%	9.90%	0.56%

Note:

Interest on any overdue principal and interest accrues at a rate which is 2% higher than the coupon rates expressed herein.

Interest Payment Dates 30 June and 31 December, commencing on 31 December 2016.

Further Issues Each series of the New HY Notes has been issued in an initial aggregate principal amount set out below:

Series A Notes: US\$277,460,905
 Series B Notes: US\$499,429,957
 Series C Notes: US\$610,414,552
 Series D Notes: US\$665,906,865
 Series E Notes: US\$721,398,993

Subject to the covenants described in Article IV of the relevant New Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the relevant series of New HY Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so

that such Additional Notes may be consolidated and form a single class with the previously outstanding series of New HY Notes and vote together as one class on all matters with respect to that series of New HY Notes; provided that the issuance of any such Additional Notes shall then be permitted under the relevant New Indenture.

Ranking The New HY Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New HY Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations of the relevant New Indenture;
- effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor (other than the Collateral); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

After the pledge of the Collateral by the Company and the Subsidiary Guarantor Pledgors as described above under the caption “Security” and “Subsidiary Guarantor Pledgors” and set forth in the relevant New Indentures, subject to the limitations described therein, the New HY Notes are secured by a pledge of the Collateral as described below under the caption “Security” and:

- are entitled to a lien on the Collateral (subject to any Permitted Liens and the Intercreditor Agreement); and
- rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company securing the New HY Notes and the Mandatory Exchangeable Bonds (subject to any priority rights of such unsecured obligations pursuant to applicable law).

Security The obligations of the Issuer under the New HY Notes, the Mandatory Exchangeable Bonds and the New Trust Deed, and of the initial Subsidiary Guarantor Pledgors under the Subsidiary Guarantees are secured rateably and on a *pari passu* basis with the obligations under any Permitted *Pari Passu* Secured Indebtedness by the Collateral given by the Issuer and the Subsidiary Pledgors under the Intercreditor Agreement and the Security Documents.

Subsidiary Guarantor Pledgors Each Subsidiary of the Issuer that guarantees the payment of amounts payable under the New HY Notes or the Mandatorily Exchangeable Bonds is a Subsidiary Guarantor Pledgor. See “*The Subsidiaries*” for a list of the initial Subsidiary Guarantor Pledgors.

Intercreditor Agreement..... The Company, the initial Subsidiary Guarantor Pledgors and the Common Security Trustee have entered into an amended and restated intercreditor agreement dated on or around the Issue Date. The Intercreditor Agreement provides that the security interests in the Collateral are shared on a *pari passu* basis among (i) the New MEB Trustee for the benefit of the holders of the Mandatorily Exchangeable Bonds (and any subsequent trustee with respect to the Exchange Convertible Bonds which are issued pursuant to the Automatic Exchange Transaction); (ii) the New HY Trustee for the benefit of the holders of each series of the New HY Notes; and (iii) any other creditors with respect to future Permitted *Pari Passu* Secured Indebtedness.

Optional Redemption Each series of the New HY Notes may be redeemed at any time before the date that is two years prior to the Maturity Date for such series of the New HY Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the redemption date.

At any time during the one year period from (and including) the date that is two years prior to the Maturity Date for each series of the New HY Notes to (and excluding) the date that is one year prior to such Maturity Date, relevant series of the New HY Notes may be redeemed in whole or in part, at a redemption price equal to 101% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the redemption date.

At any time during the one year period from (and including) the date that is one year prior to the Maturity Date for each series of the New HY Notes to (and

including) such Maturity Date, relevant series of the New HY Notes may be redeemed in whole or in part, at a redemption price equal to 102% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the redemption date.

Repurchase Upon a Change of Control Triggering Event..... Not later than 30 days following a Change of Control Triggering Event, the Company will make an offer to purchase all outstanding New HY Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

Additional Amounts..... All payments on the New HY Notes or under the Subsidiary Guarantees or the JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a successor of the Company or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes or any jurisdiction from or through which payment is made (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

Subject to certain exceptions and as more fully described in Section 4.21 of the Form of Indenture, in the event that any such withholding or deduction is so required, the Company, a successor of the Company or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such Additional Amounts as will result in receipt of such amounts as would have been received by the holder of each New HY Note had no such withholding or deduction been required.

Redemption for Taxation Reasons Subject to certain exceptions and as more fully described in Section 3.01 of the Form of Indenture, the Company may redeem the New HY Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date of redemption, if the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor would be obligated to pay certain Additional Amounts as a result of certain changes in specified tax laws or other circumstances.

Covenants..... The New HY Notes, the New Indentures and the Subsidiary Guarantees limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things:

- incur additional Indebtedness and issue preferred stock;
- make investments or other Restricted Payments;
- create Liens;
- enter into Sale and Leaseback Transactions;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- issue and sell Capital Stock of Restricted Subsidiaries;
- guarantee Indebtedness;
- sell assets;
- enter into certain transactions with affiliates;
- engage in different business activities;
- issue future subordinated Indebtedness or Equity (or an instrument that is a hybrid thereof); and
- enter into agreements that restrict the Company’s Restricted Subsidiaries’ ability to pay dividends.

All of these limitations are subject to important qualifications and exceptions. See “*Description of the New HY Notes*” and the Article IV of the Form of Indenture.

Provision of Financial Statements and Reports..... So long as any of the New HY Notes remains outstanding, the Company will furnish to the New HY Notes Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with the SEHK or any other securities exchange on which the Company’s ordinary shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; provided that, if and for as long as the Company has failed to file with such exchange such report as is required to be filed in accordance with the rules and regulations of such exchange, the Company shall, within 30 calendar days of the end of each fiscal quarter of the Company, furnish to the New HY Notes Trustee and publicly disclose on the website of such exchange a report on such immediately preceding fiscal quarter, which shall include details on the Company’s land bank, contracted sales, gross floor area

and average selling prices of property units sold during such fiscal quarter; provided, further, that, if at any time the ordinary shares of the Company cease to be listed for trading on a recognized securities exchange, the Company will file reports containing the information referred to above with the New HY Notes Trustee.

Use of Proceeds from Issuance
of Future Permitted *Pari Passu*
Secured Indebtedness.....

100% of net proceeds from the issuance of any future Permitted *Pari Passu* Secured Indebtedness shall be applied, subject to the Intercreditor Agreement, *pro rata*, to redeem New HY Notes and the Mandatorily Exchangeable Bonds (or Exchange Convertible Bonds which are issued pursuant to the Automatic Exchange Transaction) and any PIK notes with respect thereto (with payments *pro rata* on the basis of the principal amount then outstanding of each series of the New HY Notes and such Mandatorily Exchangeable Bonds (or Exchange Convertible Bonds which are issued pursuant to the Automatic Exchange Transaction). For the avoidance of doubt, no future Permitted *Pari Passu* Secured Indebtedness shall refinance any unsecured indebtedness or indebtedness with a lien priority junior to the New HY Notes.

Transfer Restrictions.....

The New HY Notes have not been and will not be registered under the Securities Act. The New HY Notes generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive them (other than “affiliates” as described in the paragraph below) may resell them without restriction under the Securities Act.

Under the U.S securities laws, persons who are “affiliates” of the Company or were “affiliates” of the Company within the preceding 90 days may not resell the New HY Notes without registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as in an offshore transaction in accordance with Regulation S under the Securities Act or in accordance with Rule 144 under the Securities Act. The New HY Notes will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States. The Company does not intend to take action to facilitate a market in the Instruments in the United States.

Governing Law

The New HY Notes are governed by, and construed in accordance with, the laws of the State of New York and are qualified under the TIA.

Form, Denomination and Registration	The New HY Notes are issued in minimum denominations of US\$1,000 and integral multiples of US\$1 in excess thereof. The New HY Notes are issued only in fully registered form without interest coupons and each series are initially represented by a global note.
Risk Factors	See “ <i>Risk Factors</i> ” and the other information in this Information Memorandum for a discussion of risk factors in connection with the Instruments.
Listing	If the application to the SGX-ST to list the New HY Notes is approved, for so long as such New HY Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such New HY Notes will be traded on the SGX-ST in a minimum board lot size of at least US\$200,000.
Trustee:	Wilmington Trust, National Association
Paying and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citigroup Global Markets Deutschland AG
Common Security Trustee	Citicorp International Limited

TERMS AND CONDITIONS OF THE MANDATORILY EXCHANGEABLE BONDS AND EXCHANGE CONVERTIBLE BONDS

The terms and conditions of Mandatorily Exchangeable Bonds and the Exchange Convertible Bonds, for which the Mandatorily Exchangeable Bonds will be exchanged upon the occurrence of an Automatic Exchange Transaction (as discussed below), are set forth in the Terms and Conditions of the Mandatorily Exchangeable Bonds and the Form of Terms and Conditions of the Exchange Convertible Bonds appended to this Information Memorandum as Appendix B and Appendix C, respectively (together, the “Form T&Cs”). The following is a brief summary of the terms of the Mandatorily Exchangeable Bonds and the Exchange Convertible Bonds and is qualified in its entirety by the terms of the Form T&Cs. Terms used in this summary and not otherwise defined shall have the meanings given to them in the Form T&Cs.

Issuer	Kaisa Group Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability.
Instruments.....	US\$259,486,248 Variable Rate Mandatorily Exchangeable Bonds due 2019 (the “ Mandatorily Exchangeable Bonds ” or the “ MEBs ”).
	The New HY Notes and the MEBs together are referred to as the “ Instruments ”.
Subsidiary Guarantees	Each of the Subsidiary Guarantors jointly and severally guarantees the due payment of all sums expressed to be payable by the Company under the New HY Notes, the MEBs and the New Trust Deed, on a <i>pari passu</i> basis among them. The initial Subsidiary Guarantors do not have significant operations or assets. The initial Subsidiary Guarantors consist of all Restricted Subsidiaries other than the Subsidiaries organized under the laws of the PRC and the Other Non-Guarantor Subsidiaries (as defined in the Indentures).
	None of the existing or future Restricted Subsidiaries organized under the laws of the PRC or Exempted Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.
Subsidiary Guarantors.....	Each Subsidiary of the Issuer that guarantees the payment of amounts payable under the New HY Notes or the Mandatorily Exchangeable Bonds is a Subsidiary Guarantor. See “ <i>The Subsidiaries</i> ” for a list of the initial Subsidiary Guarantors.
Maturity Date	31 December 2019 which may, at the option of the Company, be extended by one year to 31 December 2020.
Interest Payment Dates	30 June and 31 December, commencing on 31 December

2016.

Coupon Rates See table below. Interest is calculated on the basis of a 360-day year of twelve 30-day months.

All coupon rates are expressed on an annual basis (see Notes).

2016		2017		30 June 2018		31 December 2018		2019 Onwards			
PIK	Cash	PIK toggle		Cash	PIK toggle		Cash	PIK toggle			
		PIK or Cash			PIK or Cash			PIK or Cash			
5.56%	1.00%	5.56%	3.61%	2.00%	4.56%	3.61%	4.00%	2.56%	2.61%	6.00%	0.56%

Note:

Interest on any overdue principal and interest accrues at a rate which is 2% higher than the coupon rates expressed herein.

The Mandatorily Exchangeable Bonds and Exchange Convertible Bonds are subject to an optional one-year extension at the Company's option at a 10% annualized cash coupon rate.

Further Issues The Mandatorily Exchangeable Bonds were issued in an initial aggregate principal amount of US\$259,486,248.

The Issuer may from time to time, without the consent of the existing holders of the Mandatorily Exchangeable Bonds, create and issue further Mandatorily Exchangeable Bonds having the same terms and conditions as the Mandatorily Exchangeable Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Mandatorily Exchangeable Bonds. Such further Bonds may be constituted by a deed supplemental to the New Trust Deed.

Ranking The Mandatorily Exchangeable Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4) secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves.

The Mandatorily Exchangeable Bonds have the benefit of the Security (as defined in Condition 4) as security for the Issuer's payment obligations and the performance of the Issuer's obligations in respect of the Mandatorily Exchangeable Bonds, the Trust Deed, the Agency Agreement and the Intercreditor Agreement and of the Subsidiary Guarantor Pledgors' obligations under the Guarantee. The Security is held (pursuant to the terms of the Intercreditor Agreement) by the Common Security Trustee, for the benefit of the Bondholders, the holders of the New HY Notes and the holders of any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4(C)), on a *pari passu* basis.

Security	The obligations of the Issuer under the New HY Notes, the Mandatory Exchangeable Bonds and the New Trust Deed, and of the initial Subsidiary Guarantor Pledgors under the Subsidiary Guarantees are secured rateably and on a <i>pari passu</i> basis with the obligations under any Permitted <i>Pari Passu</i> Secured Indebtedness by the Collateral given by the Issuer and the Subsidiary Pledgors under the Intercreditor Agreement and the Security Documents.
Subsidiary Guarantor Pledgors ...	Each Subsidiary of the Issuer that guarantees the payment of amounts payable under the New HY Notes or the Mandatorily Exchangeable Bonds is a Subsidiary Guarantor Pledgor. See “ <i>The Subsidiaries</i> ” for a list of the initial Subsidiary Guarantor Pledgors.
Intercreditor Agreement.....	The Company, the initial Subsidiary Guarantor Pledgors and the Common Security Trustee have entered into an amended and restated intercreditor agreement dated on or around the Issue Date. The Intercreditor Agreement provides that the security interests in the Collateral is shared on a <i>pari passu</i> basis among (i) the New MEB Trustee for the benefit of the holders of the Mandatorily Exchangeable Bonds (and any subsequent trustee with respect to the Exchange Convertible Bonds which are issued pursuant to the Automatic Exchange Transaction); (ii) the New HY Trustee for the benefit of the holders of each series of the New HY Notes; and (iii) any other creditors with respect to future Permitted <i>Pari Passu</i> Secured Indebtedness.
Negative Pledge	So long as any Mandatorily Exchangeable Bond remains outstanding (as defined in the Trust Deed), the Company will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any Further Security, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness (except for any Further Security that is created pursuant to Condition 4(B)), without at the same time or prior thereto according to the Mandatorily Exchangeable Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as either (i) the Company determines in good faith to be not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the New Trust Deed) of the Bondholders.
Permitted <i>Pari Passu</i> Secured	On or after the Issue Date, the Company and any of the

Indebtedness..... Subsidiary Guarantor Pledgors may create Further Security on the Collateral *pari passu* with the Security to secure indebtedness of the Company (including in respect of any further Mandatorily Exchangeable Bonds issued under Condition 15) and of a Subsidiary Guarantor Pledgor in respect of any *Pari Passu* Subsidiary Guarantee (“**Permitted *Pari Passu* Secured Indebtedness**”); provided that (i) the holders of such indebtedness (or their representatives) become party to the Intercreditor Agreement, (ii) the agreement in respect of such indebtedness contains provisions with respect to releases of Collateral and such *Pari Passu* Subsidiary Guarantee substantially similar to and no more restrictive on the Company and such Subsidiary Guarantor Pledgor than the provisions of the New Trust Deed and the New Security Documents and (iii) the Company and such Subsidiary Guarantor Pledgor deliver to the New MEB Trustee and the Common Security Trustee an opinion of counsel and a certificate signed by two duly authorised officers of the Company with respect to corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents or otherwise satisfactory to the New MEB Trustee and the Common Security Trustee; provided, further, that the Company shall apply 100% of the net proceeds of issuance of such Permitted *Pari Passu* Secured Indebtedness after the Issue Date towards the redemption on a *pari passu* and *pro rata* basis of the Mandatorily Exchangeable Bonds and any Permitted *Pari Passu* Secured Indebtedness existing as at the Issue Date (with payments *pro rata* based on the then principal amount then outstanding of the Mandatorily Exchangeable Bonds and such existing Permitted *Pari Passu* Secured Indebtedness). The New MEB Trustee and the Common Security Trustee are permitted and authorised, without notice to and the consent of any Bondholder, to enter into any amendments to the New Security Documents, the Intercreditor Agreement or the New Trust Deed and take any other action necessary to permit the creation and registration of Further Security on the Collateral to secure Permitted *Pari Passu* Secured Indebtedness in accordance with Condition 4(C) (including, without limitation, the appointment of any collateral agent or common security trustee under the Intercreditor Agreement to hold the Collateral on behalf of the Bondholders and the holders of Permitted *Pari Passu* Secured Indebtedness).

“***Pari Passu* Subsidiary Guarantee**” means a guarantee by any Subsidiary Guarantor of indebtedness of the Issuer

(including in respect of any further Bonds issued under Condition 15); provided that such guarantee ranks *pari passu* with the Subsidiary Guarantee of such Subsidiary Guarantor.

Future Subordinated
Indebtedness or Equity.....

On or after the Issue Date, any future indebtedness or equity (or any instrument that is a hybrid thereof) by the Company or its Subsidiaries that is or is expressed by its terms to be subordinated in right of payment to the Mandatorily Exchangeable Bonds (“**Subordinated Obligations**”) shall be expressed to be perpetual or shall have a maturity date that falls after 31 December 2021 and shall not be, or by its terms be capable of being, redeemed prior to the full redemption of the Bonds. In addition, the Company shall no longer be entitled to elect PIK Interest in accordance with Condition 5 after issuance of such Subordinated Obligations. The Trustee and the Agents shall be entitled to assume conclusively that PIK Interest is permitted unless and until they have express written notice to the contrary.

Mandatory Exchange

As soon as reasonably practicable after the resumption of trading of the Common Shares on the SEHK, the Company shall (i) procure a general meeting of its shareholders (the “**Shareholders’ Meeting**”) to pass all necessary resolutions (the “**Shareholder Resolutions**”) to issue the Exchange Convertible Bonds and to allot and issue new Common Shares upon the exercise of the conversion rights attached to the Exchange Convertible Bonds and any Common Shares to be issued pursuant to PIK interest accrued on or before the date of the Shareholder Resolutions (the “**Accrued PIK Interest**”) and any Common Shares that may be issued pursuant to any PIK interest that may be capitalized and added to the then current outstanding principal amount of the Exchange Convertible Bonds from the date of the Shareholder Resolutions until 31 December 2019 (the “**Future PIK Interest**”) and (ii) obtain all necessary approvals in accordance with the relevant rules and regulations of the SEHK, for the trading of the new Common Shares to be issued upon the conversion of the Exchange Convertible Bonds, with principal amount equal to the Maximum MEB Amount (or, if lower, the MEB Election Amount) together with any Accrued PIK Interest, on the SEHK (the “**Listing Approvals**”) and together with the Shareholder Resolutions, the “**Mandatory Exchange Conditions**”).

As soon as reasonably practicable after the resumption of trading of the Common Shares on the SEHK, the

Company shall use commercially reasonable efforts to request all necessary approvals in accordance with the relevant rules and regulations of the SEHK for the trading of the new Common Shares to be issued upon the conversion of the Future PIK Interest (the “**Future PIK Listing Approval**”). Until the Future PIK Listing Approval has been granted by the SEHK, the Company shall have no right to elect PIK interest in any PIK toggle coupon periods on the Exchange Convertible Bonds.

The Company shall, as soon as reasonably practicable after receiving any rejection of an application for the Listing Approvals or Future PIK Listing Approval, provide evidence of such rejection to the New MEB Trustee, or the trustee of the Exchange Convertible Bonds (to the extent such approvals have not yet been obtained by the issue date of the Exchange Convertible Bonds), as the case may be.

Automatic Exchange
Transaction.....

If, on any date following the Issue Date the Mandatory Exchange Conditions are satisfied, then upon notice by the Company to the New MEB Trustee of the satisfaction of the Mandatory Exchange Conditions, all of the then outstanding principal amount of Mandatorily Exchangeable Bonds will be automatically exchanged for an equal aggregate principal amount of Exchange Convertible Bonds to be issued by the Company under a new trust deed on the same terms as the Mandatorily Exchangeable Bonds, other than the conversion terms summarized in Clause 2.2(d) below and other customary covenants and events of default for convertible bonds consistent with the Convertible Bonds (the “**Automatic Exchange Transaction**”).

The Automatic Exchange Transaction will be completed on a cashless basis by exchanging the outstanding Mandatorily Exchangeable Bonds for Exchange Convertible Bonds, and no consent or any other action will be required by the holders of the Mandatorily Exchangeable Bonds or the New MEB Trustee for the Automatic Exchange Transaction. The Mandatorily Exchangeable Bonds will be automatically cancelled, and the guarantee will be automatically released and terminated, upon consummation of the Automatic Exchange Transaction.

By accepting a Mandatorily Exchangeable Bond, each holder will be deemed to have (i) agreed to be bound by the Automatic Exchange Transaction, and (ii) irrevocably authorized and directed the New MEB Trustee or any other person required to complete the Automatic

Exchange Transaction, to take all actions required to consummate the Automatic Exchange Transaction without the need for further direction from such holder under the trust deed.

Contemporaneous with the consummation of the Automatic Exchange Transaction, the Company will enter into and procure that each Subsidiary Guarantor Pledgor shall grant a customary security confirmation and supplemental charge in respect of the New Collateral and the Exchange Convertible Bonds in favor of the Common Security Trustee and provide to the Common Security Trustee all customary related corporate formality documents and associated legal opinions from the Company's legal counsel in respect of the supplemental charges.

Additional Terms of the
Exchange Convertible Bonds:

- Conversion Period*..... At any time on or after the receipt of the Listing Approvals up to the close of business (at the place where the Certificate evidencing such Exchange Convertible Bond is deposited for conversion) on the tenth day prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(iv), in no event thereafter) or, if such Exchange Convertible Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than ten days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Exchange Convertible Bond pursuant to Condition 8(E) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.
- Conversion Price* HK\$2.34 per share, subject to adjustment by reference to any events which would have caused that price to be adjusted had the Exchange Convertible Bonds been issued on the Issue Date.
- Interest* Same as the Mandatorily Exchangeable Bonds, but if the date of exchanging the Mandatorily Exchangeable Bonds into Exchange Convertible Bonds is not an Interest Payment Date then the interest rate for the first interest period under the Exchange Convertible Bonds shall be calculated on the basis that the interest period started on the previous Interest Payment Date under the Mandatorily Exchangeable Bonds, so that any accrued but unpaid PIK interest or cash interest on the date of exchange will be

paid on the first Interest Payment Date under the Exchange Convertible Bonds.

Mandatory Redemption If the Company fails to obtain the Listing Approvals within 60 days of the resumption of trading of the Common Shares which are suspended as of the Issue Date and such failure continues for a period of 30 consecutive days, the holder of a Mandatorily Exchangeable Bond shall be entitled to require the redemption of its Mandatorily Exchangeable Bonds on the date which is 120 days from the resumption of trading of the Common Shares (the “**Mandatory Redemption Date**”), at par plus the MEB Redemption Amount.

The “**MEB Redemption Amount**” means the greater of:

- (i) an amount equal to the sum of (x) the cash and PIK Interest on the aggregate principal amount of the Bonds which would have accrued if the interest rate applicable to the Mandatorily Exchangeable Bonds had been the same as the interest rate applicable to the Series A Notes assuming both were outstanding from the Reference Date to the Mandatory Redemption Date, less any accrued cash and PIK Interest (whether or not paid yet) on the Mandatorily Exchangeable Bonds had they been outstanding from the Reference Date to the Mandatory Redemption Date and (y) a redemption premium equal to 2.0% of the principal amount of the Mandatorily Exchangeable Bonds on the Mandatory Redemption Date (which, for the avoidance of doubt, includes any PIK Interest that has been capitalised and added to the outstanding principal amount of the Mandatorily Exchangeable Bonds as of, and the PIK Interest since the last interest payment date accrued up to, the Mandatory Redemption Date); and
- (ii) an amount equal to the product of (x) the difference between the 30-day VWAP of the Shares five business days prior to the Mandatory Redemption Date and the Conversion Price and (y) the quotient of the aggregate principal amount of the Mandatorily Exchangeable Bonds on the Mandatory Redemption Date (which, for the avoidance of doubt, includes any PIK Interest that has been capitalised and added to the then current outstanding principal amount of the Mandatorily Exchangeable Bonds as of, and the PIK Interest since the last interest payment date accrued up to, the Mandatory Redemption Date) and the

Conversion Price.

The MEB Redemption Amount shall be calculated by the Issuer acting in good faith.

Redemption for Taxation
Reasons

The Company may redeem all but not some only of the Mandatorily Exchangeable Bonds at their principal amount together with accrued to the date of fixed for redemption, in the event of certain changes in Cayman Islands or Hong Kong taxation.

Redemption at the Option of the
Issuer

The Company may at any time redeem all, but not some only, of the Mandatorily Exchangeable Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Mandatorily Exchangeable Bonds originally issued has already been, redeemed or purchased and cancelled.

Redemption for Delisting or
Change of Control.....

The Company shall be required to redeem all but not some only of a holder's Mandatorily Exchangeable Bonds at a redemption price equal to their principal amount together with interest accrued to the date fixed for redemption upon (i) the Common Shares ceasing to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive Trading Days on the SEHK or, if applicable, the Alternative Stock Exchange after lifting of the suspension of trading of the Shares existing as of the Issue Date or (ii) the occurrence of a Change of Control with respect to the Company.

Transfer Restrictions

The Mandatorily Exchangeable Bonds have not been and will not be registered under the Securities Act. The Mandatorily Exchangeable Bonds generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive them (other than "affiliates" as described in the paragraph below) may resell them without restriction under the Securities Act.

Under the U.S securities laws, persons who are "affiliates" of the Company or were "affiliates" of the Company within the preceding 90 days may not resell the Mandatorily Exchangeable Bonds without registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as in an offshore transaction in accordance with Regulation S under the Securities Act or in accordance with Rule 144 under the Securities Act. The Mandatorily Exchangeable

Bonds will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States. The Company does not intend to take action to facilitate a market in the Instruments in the United States.

Governing Law The Intercreditor Agreement is governed by, and construed in accordance with, the laws of the State of New York.

The MEBs are governed by, and construed in accordance with, English law and are qualified under the TIA.

Denomination, Form and Registration The MEBs are issued in minimum denominations of US\$1,000 and integral multiples of US\$1 in excess thereof.

The MEBs are represented by beneficial interests in the Global Certificate registered in the name of a nominee of, and deposited with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate are shown on and transfers thereof are effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for MEBs have not and will not be issued in exchange for beneficial interests in the Global Certificate.

Risk Factors See “*Risk Factors*” and the other information in this Information Memorandum for a discussion of risk factors in connection with the Instruments.

Listing If the application to the SGX-ST to list the Mandatorily Exchangeable Bonds is approved, for so long as such Mandatorily Exchangeable Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Mandatorily Exchangeable Bonds will be traded on the SGX-ST in a minimum board lot size of at least US\$200,000.

Trustee..... U.S. Bank National Association

Paying Agent, Transfer Agent and Principal Agent..... Citibank, N.A., London Branch

Registrar Citigroup Global Markets Deutschland AG

Common Security Trustee Citicorp International Limited

TERMS AND CONDITIONS OF THE CONTINGENT VALUE RIGHTS

The following is a brief summary of the terms of the CVRs and is qualified in its entirety by the remainder of this Information Memorandum. For a more complete description of the terms of the CVRs, see “The CVR Agreement” in this Information Memorandum appended to this Information Memorandum as Appendix D. Terms used in this summary and not otherwise defined shall have the meanings given to them in “The CVR Agreement.”

No application has been made to the SGX-ST with respect to the CVRs as of the date of this Information Memorandum. The Company may, in the discretion of its Board of directors, make an application for permission to deal in and the listing and quotation of the CVRs on the SGX-ST in the future, and in such event, the reference to “Instruments” in the Introductory Document shall be deemed to include a reference to the CVRs. There is, however, no assurance that an approval in-principle for the listing of the CVRs on the SGX-ST can be obtained or that the CVRs can be listed on the SGX-ST.

Issuer Kaisa Group Holdings Ltd., an exempted company incorporated in the Cayman Islands with limited liability.

Instruments..... 232,621 CVRs.

CVRs representing the contingent right to receive (subject to the terms and conditions of the CVRs) payment in cash or, at the election of the Company, in Common Shares *in lieu* of cash, with an aggregate notional value of US\$16,283,470, are issued in denominations of US\$70 per CVR on the Issue Date.

Maturity Date 31 December 2021.

CVR Triggering Event Holders of the CVRs are entitled to the payment of US\$14 for each CVR they hold, upon the occurrence of each of the following triggering events (each, a “**CVR Triggering Event**” and each amount set out in the following, a “**Market Capitalization Milestone**”):

- Trigger A: when the Implied Market Capitalization of the Common Shares exceeds HK\$10,075,000,000
- Trigger B: when the Implied Market Capitalization of the Common Shares exceeds HK\$12,594,000,000
- Trigger C: when the Implied Market Capitalization of the Common Shares exceeds HK\$15,742,000,000
- Trigger D: when the Implied Market Capitalization of the Common Shares exceeds HK\$19,678,000,000
- Trigger E: when the Implied Market Capitalization of the Common Shares exceeds HK\$20,542,000,000

Adjustments to Market Capitalization Milestones..... If and whenever the Company will pay or make any Capital Distribution (but excluding any dividend or distribution of additional Common Shares) to the holders of the Common Shares on account of such Common Shares, then each of the Market Capitalization Milestones will be decreased, effective immediately after the effective date of such dividend or distribution, by the fair market value (as determined, other than in the case of cash, by the Independent Investment Bank engaged at the Company's expense) of the assets distributed or paid on each Common Share in respect of such dividend or distribution.

“**Capital Distribution**” means (i) any distribution of assets in specie by the Company for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Common Shares or other securities credited as fully or partly paid (other than Common Shares credited as fully paid) by way of capitalization of reserves, but excludes a Scrip Dividend (other than the cash amount of any Scrip Dividend)); and (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Company for any financial period (whenever paid and however described). In making any such calculation, such adjustments (if any) will be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Common Shares, (b) issues of Common Shares by way of capitalization of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Common Shares.

Settlement Upon the occurrence of any CVR Triggering Event, the Company will settle any payment triggered on the date that is the later of (i) six months after the satisfaction of such CVR Triggering Event and (ii) the third anniversary of the Exchange Date (each such date, a “**Settlement Date**”), in cash, or in the event that the Common Shares are listed on any Qualified Exchange, at the election of the Company, in Common Shares in lieu of cash, in which case, a holder of the CVRs will be entitled to receive the number of Common Shares equal to the quotient of the aggregate amount payable with respect to each CVR Triggering Event for which the Market Capitalization Milestones as set forth above has been met and the Reference Share Price.

Fundamental Changes and Settlement of any payments triggered by a CVR

Events of Default Triggering Event but unpaid will be accelerated upon the occurrence of a Fundamental Change or an event of default under the CVRs, and such accelerated amounts will become immediately due and payable by the Company as an obligation that is *pari passu* with the Company's obligations under the New HY Notes and Mandatorily Exchangeable Bonds or Exchange Convertible Bonds issued pursuant to the Automatic Exchange Transaction. If the Company is involved in any transaction which constitutes a Fundamental Change, the Holders of the CVRs will be entitled to payment prior to or in connection with such transaction of all accelerated amounts triggered by a CVR Triggering Event occurring prior to or in connection with such transaction. Notwithstanding the foregoing, if the acceleration of any payments triggered by a CVR Triggering Event was due to the occurrence of certain events of default under the CVRs (related to cross-defaults, trading suspensions, delisting or any Event of Default that would result in delisting with notice or the passage of time), then such payment(s) with respect to cross-defaults or delisting will be made in cash. However, if such an event of default with respect to cross-defaults or delisting is subsequently cured, then the acceleration and associated cash payment(s) will no longer be effective following the cure of such event of default, and settlement pursuant to the settlement procedures set forth under "Settlement" above will thereafter be available to the Company, with reference to the original date of any CVR Triggering Event that may have occurred.

A "**Fundamental Change**" will be deemed to have occurred if (1) the Company is involved in and completes a consolidation with or merger with or into any other person (other than with one of its Subsidiaries), or any other similar transaction or series of related transactions pursuant to which the outstanding Common Shares will be converted into or exchanged for cash, securities or other property, or the Company sells, transfers to a third party buyer or otherwise disposes of, in one transaction or a series of related transactions, all or substantially all of the property and assets of the Company and its Subsidiaries, taken as a whole; or (2) the Shareholders of the Company approve any plan for its liquidation, dissolution or termination.

Transfer Restrictions The CVRs have not been and will not be registered under the Securities Act. The CVRs generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and persons who

receive them (other than “affiliates” as described in the paragraph below) may resell them without restriction under the Securities Act.

Under the U.S securities laws, persons who are “affiliates” of the Company or were “affiliates” of the Company within the preceding 90 days may not resell the CVRs without registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as in an offshore transaction in accordance with Regulation S under the Securities Act or in accordance with Rule 144 under the Securities Act. The CVRs will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States. The Company does not intend to take action to facilitate a market in the Instruments in the United States.

Governing Law	The CVRs are governed by, and construed in accordance with, the laws of the State of New York and are qualified under the TIA.
Denomination, Form and Registration	The CVRs are issued in denominations of US\$70 per CVR. The CVRs are issuable only in registered form. The CVRs are issued in book-entry form through the facilities of Euroclear and Clearstream.
Risk Factors	See “ <i>Risk Factors</i> ” and the other information in this Information Memorandum for a discussion of risk factors in connection with the CVRs.
Listing	In the event that the Company elects to make an application for permission to deal in and the listing and quotation of the CVRs on the SGX-ST, and such application to list the CVRs on the SGX-ST is approved, for so long as such CVRs are listed on the SGX-ST and the rules of the SGX-ST so require, such Instruments will be traded on the SGX-ST in a minimum board lot size of at least US\$200,000.
Trustee.....	U.S. Bank National Association
CVR Paying Agent and CVR Authenticating Agent	Citibank, N.A., London Branch
Registrar.....	Citigroup Global Markets Deutschland AG

RISK FACTORS

The following summarizes some of the principal risks and uncertainties that may arise in connection with an investment in the Instruments. It should be read in conjunction with all of the other information contained in the Introductory Document including the risk factors referred to the Explanatory Statement and the risk factors referred to in the AlixPartners Report. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may become material and have a material adverse effect on the business, financial condition, results of the operations or prospects of the Group and cause the value of the Instruments to decline. The Introductory Document, including this Information Memorandum, also contains forward-looking statements, which necessarily involve risks and uncertainties of their own. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors and circumstances, including the risks and uncertainties described herein and other factors outside of the Company's control. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks on the Company's business activities, financial condition, results of operations and prospects.

The risk factors set out in this part of the Information Memorandum are not, and are not intended to be, exhaustive and investors should make their own assessment, and where they are uncertain, take appropriate professional advice, in respect of any dealings with the Group.

The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequences.

RISKS RELATING TO LIQUIDATION OF THE COMPANY

Bankruptcy or insolvency proceedings for Onshore Operations

If the Company is placed into Official Liquidation or into liquidation in Hong Kong, the Subsidiaries may be subject to claims by creditors in each of their respective jurisdictions (as set out in “Part 2 – Background to the Schemes” and *Liquidation Analysis at Appendix 8 of the Explanatory Statement*”). As set out in “Financing of the Group in Appendix 10 to the Explanatory Statement,” the Onshore Operating Entities had outstanding onshore debts for the Onshore Operations of approximately RMB48.67 billion (as at 30 September 2015) and virtually all of the properties and land use rights of the Group have been pledged to PRC onshore lenders as collateral. If any of the Onshore Operating Entities were to be subject to an insolvency process, most of the assets and value of such entities would be subject to enforcement action by the Onshore Lenders and other local creditors with the proceeds from such enforcement to be used to repay amounts owing to such creditors. It is unlikely that any proceeds from this liquidation and sale of onshore assets and businesses will be available to satisfy offshore claims of creditors.

RISKS FOLLOWING THE IMPLEMENTATION OF THE SCHEMES

The Group's ability to pay its obligations as they fall due

As stated in the Explanatory Statement, the purpose of the Restructuring Proposal is to enable the Company to recover from its current difficulties, for the benefit of all Stakeholders. However, investors should still bear in mind the following:

- (i) If the Company fails to comply with the undertakings and covenants under its remaining loan agreements or fails to obtain consents or waivers in respect of any breach of such undertakings and/or covenants, its financial condition, results of operations and business prospects may be materially and adversely affected.
- (ii) The Group's ability to generate sufficient cash to satisfy outstanding and future debt and other obligations will depend upon its operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond its control. Such factors include the fact that certain of the Restrictions and Blockages described in this Information Memorandum and *Part 2 (Background to the Schemes)* of the Explanatory Statement are continuing.

The Group's total indebtedness stated in the Unaudited Management Accounts, including both current and non-current borrowings, as of 31 December 2014 was RMB65,119 million (US\$10,023 million), respectively. As at 30 September 2015, the Group's total borrowings were RMB66,067 million i.e. RMB66 billion (US\$10,169 million). Following the Schemes, the Group continues to have a substantial amount of indebtedness. The Group's substantial indebtedness could have important consequences. For example, it could:

- (i) limit the Group's ability to satisfy its obligations under the Instruments and other debt;
- (ii) increase the Group's vulnerability to adverse general economic and industry conditions;
- (iii) require the Group to dedicate a substantial portion of its cashflow from operations to servicing and repaying its indebtedness, thereby reducing the availability of the Group's cashflow to fund working capital, capital expenditures and for other general corporate purposes;
- (iv) limit the Group's flexibility in planning for or reacting to changes in its businesses and the industry in which the Group operates;
- (v) place the Group at a competitive disadvantage compared to the Group's competitors that have less debt;
- (vi) limit, along with the financial and other restrictive covenants of the Group's indebtedness, among other things, its ability to borrow additional funds; and
- (vii) increase the cost of additional financing.

In the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities in compliance with the covenants of the New HY

Notes. If the Company or its subsidiaries incur additional debt, the risks that the Group faces as a result of its already substantial indebtedness and leverage could intensify.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond the Group's control, including, without limitation, the risks set forth below under "*Risks related to the Group's Business*". There is no assurance that the Group will be able to generate sufficient cashflow to meet the Group's anticipated operating expenses and to service the Group's debt obligations as they become due. If the Group is unable to service its indebtedness, the Group will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, further restructuring or refinancing the Group's indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Company's cashflow forecasts relies on its ability to access a revolving credit facility

According to the Company's cashflow forecast, the Company will need to draw down RMB4.3 billion from a revolving credit facility to service its onshore and offshore debt obligations in 2016. A portion of such facility has been drawn to date. There are no assurances that the Company will be able to draw down this amount and even if it is able to do so, there are no assurances that the interest costs and other associated fees will be in line with what has been forecast. If the Company is unable to draw down the required amount at a reasonable interest rate, then it may not be able to fully service its onshore and offshore debt obligations as envisioned.

The Company's subsidiaries are subject to restrictions on the payment of dividends to the Group and its subsidiaries.

As a holding company, the Company depends on the receipt of dividends or advances from the Company's subsidiaries, including its PRC subsidiaries, to satisfy the Company's obligations, which will include its obligations under the Instruments. The ability of the Company's subsidiaries to pay dividends to their shareholders is subject to, among other things, distributable earnings, cashflow conditions, restrictions contained in the articles of association of the Company's subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of the Company's subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to the Company to make payments in respect of the Instruments. These restrictions could reduce the amounts that the Company receives from its subsidiaries, which would restrict its ability to meet the Company's payment obligations under the Instruments and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under their respective Subsidiary Guarantees or JV Subsidiary Guarantees.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The Group's PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In practice, the Group's PRC project companies may pay dividends only after they have completed not only the project development, at least the

development of a phase or a stand-alone tower or building, and the revenue recognition but also the required government tax clearance and foreign exchange procedures. In addition, dividends paid by the Group's PRC subsidiaries to their non-PRC parent companies will be subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to avoidance of double taxation arrangements between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%, although there is uncertainty under a recent circular regarding whether intermediate Hong Kong holding companies will remain eligible for benefits under this arrangement. As a result of such restrictions, there could be timing limitations on payments from the Group's PRC subsidiaries to meet payments required by the Instruments or satisfy its obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be, and there could be restrictions on payments required to redeem the New HY Notes, the CVRs, the Mandatorily Exchangeable Bonds and the Exchange Convertible Bonds at maturity or as required for any early redemption or for payments required pursuant to the CVRs.

Furthermore, although the Group currently does not have any offshore shareholder loans to its PRC subsidiaries, the Group may resort to such offshore lending in the future, rather than equity contributions, to its PRC subsidiaries to finance their operations. In such events, the market interest rates that the Group's PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The Group's PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on the Group's behalf on the interest paid under any shareholder loan. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries (as foreign-invested enterprises in the PRC) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with the PRC State Administration of Foreign Exchange, or SAFE, as well as any other documents that SAFE or its local branch may require.

As a result of the foregoing, there can be no assurance that the Company will have sufficient cashflow from dividends to satisfy its obligations under the Instruments or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under their respective Subsidiary Guarantees or JV Subsidiary Guarantees.

Future issuances of equity or equity-linked securities or debt securities

If the Group decides to meet any future funding requirements by way of additional debt financing, to the extent it could do so in compliance with the various covenants and restrictions contained in its financing arrangements, this may result in additional restrictions being placed on the Group, which may:

- (i) limit the Group's ability to pay dividends or require it to seek consents before dividends are paid;
- (ii) increase the Group's vulnerability to general adverse economic and industry conditions;
- (iii) limit the Group's ability to pursue its business strategies;

- (iv) require the Group to dedicate a substantial portion of its cashflow from operations to service its debts, thereby reducing the availability of cashflow to fund capital expenditures, working capital requirements and other general corporate needs; and
- (v) limit the Group's flexibility in planning for, or reacting to, changes in its business and/or industry.

Insurance

There is no mandatory provision under the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. According to the common practice of the property industry in the PRC, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own cost and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

The Group monitors the safety measures adopted by its construction contractors and safety aspects of the construction process through engaging independent third-party supervisory companies to oversee compliance with environmental and health and safety laws and regulations. In relation to workplace safety on its construction sites, the Group's construction contractors are generally responsible for any accidents or injuries not caused by the Group. The Group also requires its construction contractors to purchase accident insurance to cover their workers and to adopt appropriate safety measures, including providing workers with safety training.

The Group maintains group accident insurance for its employees. The insurance primarily insures employees for personal injuries in the Group's workplace or on its construction sites. The Group does not, however, maintain property damage or third-party liability insurance for its workplace, construction sites or property developments. Under PRC law, these types of insurance are not mandatory and may be purchased on a voluntary basis. The Group and its construction contractors monitor the quality and safety measures adopted at the Group's construction sites to lower the risks of damage to its property and liabilities that may be attributable to it. The Group re-evaluates the risk profile of the property development business and adjusts its insurance practices from time to time. The Group believes the Group has sufficient insurance coverage in place and that its insurance practice is in line with the customary practice in the PRC real estate industry. The Group is subject to social insurance contribution plans organized by the PRC local governments.

The Group does not carry comprehensive insurance against all potential losses or damages with respect to its properties before their delivery to customers nor does the Group maintain insurance coverage against liability from tortious acts, property damage or personal injury relating to the construction and maintenance of its properties. Although the Group expects its third-party construction companies to maintain appropriate insurance coverage, it cannot be sure that the insurance would cover or be sufficient to satisfy all claims, or that they would not be sued or held liable for damages notwithstanding their insurance coverage.

However, there are risks that are not covered, and the Group is self-insured for money losses, damages and liabilities that may arise in its business operations. Moreover, there are certain losses for which insurance is not available in PRC, such as losses suffered due to war. If the Group suffers from any losses, damages or liabilities in the course of its business, it may not have sufficient financial resources to cover such losses, damages or liabilities or to satisfy its related obligations. Any payment the Group makes to cover any losses, damages or liabilities may have a material and adverse effect on its business, results of operations and financial condition.

Anti-takeover provisions could prevent a change of control

The Articles of Association contain provisions that could delay, defer or prevent a change in control of the Company in the future that could be beneficial to its shareholders. These provisions could also discourage proxy contests and make it more difficult for shareholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for the Common Shares and any shares issuable pursuant to the CVRs and Exchange Convertible Bonds. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer may be at a price above the then current market price of the Common Shares and the Instruments.

Cayman Islands laws on rights of shareholders are more limited than US law

The Company is a Cayman Islands company, and its corporate affairs are governed by the Articles of Association, the Companies Law and the common law of the Cayman Islands. The rights of the Company's shareholders to take action against the directors, actions that may be taken by minority shareholders and the fiduciary responsibilities of the Company's directors under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands as well as those from the English common law, which is persuasive, but not binding, authority on a court in the Cayman Islands. The rights of shareholders and the fiduciary responsibilities of directors under the Cayman Islands law are not as clearly established as they are under statutes or judicial precedents in some jurisdictions in the U.S. In particular, the Cayman Islands has a less developed body of securities laws than the U.S. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands, and Cayman Islands' companies may not have standing to initiate a shareholder derivative action in a federal court of the U.S.

RISKS RELATING TO THE INSTRUMENTS

The Company's stock is currently suspended, and there are no assurances that it can resume trading in the near term

In accordance with the Listing Rules, the Company is required to publish its 2014 Annual Report, which must include certain audited financial statements of the Company, as well as any additional interim and annual reports such that it is up to date on its financial disclosure pursuant to the Listing Rules before its Common Shares can resume trading on the SEHK. Under the terms of the Mandatorily Exchangeable Bonds, the Company has until 31 March 2017 to publish the 2014 Annual Report before it will be in default, but there are no

assurances that it can do so, and even if it were able to, there are no assurances that it would have published all the other necessary financial reports to become up to date on its financial disclosures by that time. Also, there are no assurances as to how long, if at all, the SEHK will take to consider if the Company is in compliance with the Listing Rules and allow its Common Shares to resume trading. Without a resumption in trading of its Common Shares, the Mandatorily Exchangeable Bonds cannot be exchanged for the Exchange Convertible Bonds and the CVR Triggering Event are unlikely to occur.

Further, the Exchange Convertible Bonds cannot be issued until the Company has obtained the listing approval for the conversion shares to be issued upon an exercise of such conversion rights. As the SEHK will not issue such listing approval before approval for the Exchange Convertible Bonds at a general meeting is obtained, and may not issue such listing approval until the Company's Common Shares have resumed trading, there are no assurances as to when (if at all) such listing approval may be obtained. In that case, the Exchange Convertible Bonds may not be issued for a long period of time after the Issue Date of the Instruments, and the actual length of such period is highly uncertain. In the worst case scenario, the Exchange Convertible Bonds may not be issued at all during the tenor of the Mandatorily Exchangeable Bonds. Due to such uncertainty, the value of the Mandatorily Exchangeable Bonds will likely be adversely affected.

The Company is a holding company and payments with respect to the Instruments are structurally subordinated to the liabilities, contingent liabilities and obligations of certain of its subsidiaries

The Company is a holding company with no material operations. The Company conducts its operations through its PRC subsidiaries. The Instruments are not and will not be guaranteed by any current or future PRC subsidiaries. The Company's primary assets are ownership interests in its PRC subsidiaries, which are held through the Subsidiary Guarantors and certain existing Non-Guarantor Subsidiaries and may be held by JV Subsidiary Guarantors or New Non-Guarantor Restricted Subsidiaries (as defined herein) in the future. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, the Company's ability to pay principal and interest on the Instruments and the ability of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any) will depend upon the Company's receipt of principal and interest payments on the intercompany loans and distributions of dividends from its subsidiaries. Creditors, including trade creditors, of the Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a Claim on the Non-Guarantor Subsidiaries' assets that would have priority over the claims of holders of the Instruments. As a result, the Company's payment obligations under the Instruments is be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with their business operations, and all claims of creditors of the Non-Guarantor Subsidiaries have priority as to the assets of such entities over the Group's claims and those of its creditors, including holders of the Instruments. As at the date of the Explanatory Statement, the Non-Guarantor Subsidiaries had unsubordinated indebtedness owed to third parties in the amount of RMB48,669 million (US\$7,491 million) and no financial guarantees provided to third parties, excluding mortgage buyers of the Group's properties. The Instruments, the New Indentures and New Trust Deed permit the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and the Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees,

subject to certain limitations. In addition, the Company's secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to the Company's assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Instruments.

Under the terms of the New HY Notes, the Mandatorily Exchangeable Bonds and the Exchange Convertible Bonds, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the New HY Notes, the Mandatorily Exchangeable Bonds and the Exchange Convertible Bonds may be replaced by a limited-recourse guarantee, or JV Subsidiary guarantee, following the sale or issuance to, a third party of an equity interest in such subsidiary or its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary guarantee is limited to an amount equal to the Group's proportional interest in the issued share capital of such Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal quarter end of the Company. As a result, the amount that may be recovered by the New HY Notes Trustee and New MEB Trustee pursuant to a JV Subsidiary guarantee (compared to a Subsidiary guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the New HY Notes, Mandatorily Exchangeable Bonds and Exchange Convertible Bonds.

If the Group does not comply with the restrictions and covenants in the New Indentures and/or CVR Agreement and/or New Trust Deed or its other debt agreements, the Group could face defaults under the terms of the New Indentures and/or the CVR Agreement and/or New Trust Deed or these agreements, which could cause repayment of its debt to be accelerated.

The Group's failure to comply with the restrictions and covenants in the New Indentures, the CVR Agreement, the New Trust Deed or the Group's current or future debt and other agreements could result in default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Company, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements. Furthermore, some of the Group's debt agreements, including the New Indentures and/or CVR Agreement and/or New Trust Deed, contain cross-acceleration or cross-default provisions. As a result, the Group's default under one agreement could result in the acceleration of other debt, including the New HY Notes, CVRs, Mandatorily Exchangeable Bonds and Exchange Convertible Bonds, or result in a default under its other debt agreements, including the New Indentures and/or New Trust Deed. If any of these events occur, there can be no assurance that the Group's assets and cashflow would likely be sufficient to repay in full all of its indebtedness, and the Group may be unable to obtain alternative financing. Even if the Group was able to obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The Group's operations will be restricted by the terms of the New Indentures, New Trust Deed and the terms of its other indebtedness, which could limit its ability to plan for or to react to market conditions or meet its capital needs, which could increase your credit risk.

The New Indentures, New Trust Deed and the agreements governing certain of the Group's other indebtedness include a number of significant restrictive covenants. These covenants restrict, among other things, the Group's ability, and the ability of its Restricted Subsidiaries, to:

- (i) incur additional debt;
- (ii) make restricted payments;
- (iii) pay dividends or distributions on the Group's capital stock, repurchase the Group's capital stock, pay existing indebtedness, make or repay intercompany loans or advances or sell or transfer property or assets;
- (iv) sell capital stock;
- (v) guarantee indebtedness;
- (vi) enter into transactions with affiliates;
- (vii) create liens on the Group's assets to secure debt;
- (viii) enter into sale and leaseback transactions;
- (ix) sell assets;
- (x) make investments;
- (xi) merge or consolidate with another company; and
- (xii) engage in different business activities.

These covenants could limit the Group's ability to plan for or react to market conditions, to meet its capital needs or take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund needed capital expenditures, significantly increase research and development expenditures, or withstand a continuing or future downturn in its businesses. Any of these could materially and adversely affect the Company's ability to satisfy its obligations under the Instruments and other indebtedness. The Group's ability to comply with these covenants may be affected by events beyond its control, and the Group may have to curtail some of its operations and growth plans to maintain compliance.

If any amount is owed by the Company in respect of the CVRs at the time of an Event of Default (as defined in the CVR Agreement) and the Company does not satisfy its obligations to settle the CVRs, no default interest will accrue on amounts owed under the CVRs, and any claim to a proportionate share of the Company's assets may be diminished by the accrual of interest or default interest in respect of the Company's other obligations. In addition, the Company has the right to cure certain events of default prior to the CVR Trustee's exercise of enforcement remedies. If cured, the event of default and its consequences will be rescinded. No default interest will have accrued during the pendency of such event of default.

Company's Prospects

The Company will have no payment obligations in respect of the CVRs unless the Company's implied market capitalization exceeds the Market Capitalization Milestone prior to the expiration of the CVRs. Whether such Market Capitalization Milestone will be triggered will likely depend upon the Company's business and other factors beyond the

control of the Company. The Company's market capitalization will be influenced by the Group's operational results (which in turn are subject to the various risks to which its businesses and operations are subject) and by other factors, such as changes in the regulatory environment that may affect the markets in which the Company operates and capital markets in general. Corporate events such as share sales, reorganisations, takeovers or share buy-backs may also adversely affect the Company's market capitalization. Any decline in the Company's market capitalization would adversely affect the market price of the CVRs. Even if any the Market Capitalization Milestones are achieved, settlement of any payment triggered under the CVRs will not occur until the later of (i) six months after the relevant milestone is exceeded and (ii) the third anniversary of the date of the CVR Agreement, unless such payment obligation is accelerated in accordance with the terms of the CVRs.

Stock Settlement and Stock Trading Suspension, Delisting and Illiquidity Risks in relation to the CVRs

The Common Shares are listed on SEHK but are currently subject to a trading suspension. While the Company will covenant to use reasonable efforts to maintain the listing of the Common Shares, there can be no assurance that the Common Shares will resume trading. In order to resume trading under the Listing Rules, the Company is required to satisfy certain conditions as disclosed in the announcement of the Company dated 23 July 2015 (the "**Resumption Conditions**") including, amongst other things, the publication of the annual results for the two years ended 31 December 2015; and the interim results for the six months ended 30 June 2015 and the six months ended 30 June 2016. As at the Exchange Date, the Common Shares continued to be suspended from trading on SEHK and if the Common Shares do not resume trading, the CVRs will expire worthless. If the Common Shares resume trading, the market price of the CVRs at any time will be affected by, among other things, fluctuations in the Company's market capitalization. The Market Capitalization Milestones are subject to adjustment in the event that there is a capital distribution by the Company, but such adjustment mechanisms do not provide protection against every corporate or other event that may affect the Company's market capitalization. Events in respect of which no adjustment is made may adversely affect the Company's market capitalization and, therefore, adversely affect the value of the CVRs.

Under certain circumstances, the Company has the option to settle the payment obligations under the CVRs by issuance of Common Shares to CVR holders. If a payment obligation does arise under the CVR Agreement, settlement thereof by the Company through the issuance of Common Shares may be made at the election of the Company and there can be no guarantees that the issued Common Shares will continue to trade or retain the value as specified in the Market Capitalization Milestone at the time of settlement or thereafter. Furthermore, a cross-default in respect of the CVRs may accelerate a payment obligation under the CVR Agreement. There is no assurance that the Company can settle such payment in cash or in Common Shares, whether tradable or not. Failure to settle a payment obligation under the CVRs could result in a cross-default with other indebtedness of the Company, which indebtedness may be entitled to payment prior to the CVRs.

CVR holders will have no voting rights or rights to dividends

A CVR does not entitle the holder thereof to any of the rights of a stockholder of the Company, including, without limitation, the right to receive dividends, or other distributions, exercise any pre-emptive rights to vote or to consent or to receive notice as stockholders in

respect of the meetings of stockholders or attend such meetings or the election of directors of the Company or any other matter.

In connection with certain Fundamental Changes and Events of Default, CVR holders will have the right to receive payment only with respect to milestones that have been met, and, in connection with such events, settlement can in certain circumstances be made in Common Shares at the election of the Company

Upon certain Fundamental Changes, including a liquidation of the Company or a merger or sale of assets in which the Common Shares remain outstanding, and events of default, CVR holders will have the right to receive payment in respect of Market Capitalization Milestones that have been met but will have no right to any future payments with respect to milestones that were not met at the time of such Fundamental Change. Upon certain events of default, the Company's payment obligation under the CVRs will accelerate but the Company can make payment in Common Shares rather than cash unless the event of default was due to delisting of the Common Shares (or an event of default that would result in delisting with the passage of time or notice) or cross default under other indebtedness. Under these circumstances, the Common Shares may not maintain their value or trading may be volatile. In addition, upon a Fundamental Change involving a merger or sale of assets where the consideration received is stock of another entity that is traded on SEHK, the Company may elect to satisfy the CVRs in Common Shares, in which case holders would receive shares of such other entity in connection with such transaction rather than cash. There can be no assurances as to the value of such consideration or the continued liquidity of the stock of such other entity.

An active trading market for the Instruments may not develop, and the trading prices of the Instruments could be materially and adversely affected

There has been no trading market for the Instruments since their issuance following completion of the Schemes. There can be no assurance that an active trading market for the New HY Notes, CVRs, Mandatorily Exchangeable Bonds, and Exchange Convertible Bonds will develop. If there is not an active market for any of these securities, the trading prices of such securities could be materially adversely affected. Application has been made for the listing and quotation of the New HY Notes, Mandatorily Exchangeable Bonds and Exchange Convertible Bonds on the SGX-ST. However, there can be no assurance that the Group will be able to achieve or maintain such listing or that a trading market for such securities will exist. Additionally, application for the listing and quotation of the CVRs on the SGX-ST may, at the discretion of the Company's board of directors, be made in the future. There is, however, no assurance that approval in-principle for the listing of the CVRs on the SGX-ST can be obtained or that the CVRs can be listed on the SGX-ST. The New HY Notes, CVRs, Mandatorily Exchangeable Bonds, and Exchange Convertible Bonds may not be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where registration may be required. Lack of a liquid and active trading market for the Instruments could also impede a holder's ability to dispose of such securities. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for the Instruments will not be subject to similar disruptions. Any such disruption may have an adverse effect on the holders of such securities.

The Group may be subject to risks presented by fluctuations in exchange rates between RMB and other currencies, particularly the U.S. dollar

The Instruments are denominated in U.S. dollars, while substantially all of the Group's revenues are generated by its PRC operating subsidiaries and are denominated in RMB. Pursuant to reforms of the exchange rate system announced by PBOC on 21 July 2005, RMB-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. As a result of a series of current policy changes, the RMB appreciated against the U.S. dollar by approximately 33.4% from 21 July 2005 to 31 December 2014. The PRC government may adopt further reforms of its exchange rate system, including making the RMB freely convertible in the future. If such reforms were implemented and resulted in the devaluation of the RMB against the U.S. dollar, the Group's financial condition and results of operations could be adversely affected because of the Group's substantial U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and the Company's ability to satisfy its obligations under the U.S. dollar denominated Instruments.

There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between the RMB and other currencies. The Group may enter into foreign exchange or interest rate hedging arrangements in respect of its U.S. dollar-denominated liabilities. These hedging arrangements may require the Group to pledge or transfer cash and other collateral to secure the Group's obligations under the arrangements, and the amount of collateral required may increase as a result of mark-to-market adjustments. If the Group was unable to provide such collateral, it could constitute a default under such hedging arrangements.

Any hedging obligation entered into or to be entered into by the Group or its subsidiaries, may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to the Group and/or any of the Group's subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, the Group and/or any of the Company's subsidiaries (as relevant) in respect of any such early termination. Any such early termination, in whole or in part, of any such hedging obligation(s), and the payment and any other consequences and effects of such early termination(s), may be material to the Group's financial condition and/or any of the Group's subsidiaries and may be material in relation to the performance of their respective US dollar denominated obligations and commitments.

The RMB is not freely convertible; there are significant restrictions on the remittance of RMB into and outside the PRC; and the availability of RMB funds from the Group's PRC operations for servicing the Instruments may be subject to future limitations imposed by the PRC government

The RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in

the cross-border RMB clearing and settlement services under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in July 2011 to cover all of the PRC and to make RMB settlement in cross-border trade available in all countries worldwide.

On 13 October 2011, the PBOC promulgated the Administrative Measures on Settlement of Cross-Border RMB Direct Investment (PBOC Announcement 2011 No. 23) (the “**PBOC Measures**”) to roll out the PBOC’s detailed RMB foreign direct investments (“**RMB FDI**”) administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans.

On 14 June 2012, the PBOC issued the Notice of PBOC on Clarifying the Detailed Operating Rules for RMB Settlement of Foreign Direct Investment (the “**PBOC RMB FDI Detail Rules**”), pursuant to which, a foreign-invested enterprise is allowed to borrow RMB funds from overseas only after its registered capital is paid up in full as scheduled. However, foreign-invested real estate enterprises are not allowed to borrow RMB funds from overseas. In addition, PBOC RMB FDI Detail Rules also require that a foreign-invested enterprise shall not use RMB funds in its RMB special deposit account for registered capital and its RMB general deposit account for offshore loans for purchase of financial products or properties not for its own use; as for the foreign-invested enterprises with no investment nature, such RMB funds also cannot be used for reinvestment in the territory of the PRC.

On 3 December 2013, the PRC Ministry of Commerce (the “**MOFCOM**”) promulgated the Circular on Issues Concerning Cross-Border RMB Direct Investment (“**MOFCOM Circular**”). Pursuant to the MOFCOM Circular, proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for strategic investments in PRC domestic listed companies. As new regulations, the PBOC Measures, the PBOC RMB FDI Detail Rules and the MOFCOM Circular will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittance in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of RMB into or outside the PRC. In the event that the Group is not able to repatriate funds out of the PRC in RMB, the Group will need to source funds offshore to finance its obligations under the Instruments.

The Group may be unable to obtain and remit foreign exchange

Substantially all of the Group’s revenue is denominated in RMB. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, payments of certain current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC

government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under the Group's current corporate structure, its income is primarily derived from dividend payments from its PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of the Company's PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currency to satisfy its currency demands, the Company may not be able to pay interest to holders of the Instruments. In addition, since a significant amount of the Group's future cashflow from operations will be denominated in RMB, any existing and future restrictions on currency exchange may limit the Group's ability to purchase goods and services outside of the PRC or otherwise fund its business activities that are conducted in foreign currencies.

Enforcement of rights under the Instruments across multiple jurisdictions may prove difficult

The Company is incorporated under the laws of the Cayman Islands and the initial Subsidiary Guarantors are incorporated under the laws of the British Virgin Islands and Hong Kong; the New HY Notes and CVRs are governed by New York law and the Mandatorily Exchangeable Bonds are governed by English law. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in the Cayman Islands, the British Virgin Islands, Hong Kong or other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors may be established. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the holder's rights under the New Indentures and/or New Trust Deed. Holders' rights under the New Indentures and/or New Trust Deed are subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that the holder will be able to effectively enforce its rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of the Cayman Islands, the British Virgin Islands, Hong Kong and elsewhere may be materially different from, or be in conflict with, each other and those with which the holder may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, and could adversely affect the holder's ability to enforce its rights under the Instruments, the related Subsidiary Guarantees or JV Subsidiary Guarantees and/or New Indentures and/or New Trust Deed in the relevant jurisdictions or limit any amounts that the holder may receive.

The terms of the Instruments permit the Group to make investments in Unrestricted Subsidiaries and minority owned joint ventures

In light of land prices, sizes of projects, the competitive landscape and other factors, the Group may from time to time consider developing properties jointly with other property developers. As a result, the Group may need to make investments in joint ventures (including joint ventures in which the Group may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries under the New Indentures and/or New Trust Deed governing the New HY Notes, Mandatorily Exchangeable Bonds and any Exchange Convertible Bonds. Although the New Indentures and/or New Trust Deed

governing the Instruments restrict the Group and its Restricted Subsidiaries from making investments in Unrestricted Subsidiaries under the New Indentures and/or New Trust Deed or joint ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that the Group may, subject to certain conditions, make investments in Unrestricted Subsidiaries and minority owned joint ventures in an aggregate amount not to exceed 20% of its total assets without having to satisfy the Fixed Charge Coverage Ratio.

Certain terms of the Instruments may be amended without the consent of each holder affected thereby

Each of the New Indentures and/or New Trust Deed provide that certain terms of the New HY Notes, the Mandatorily Exchangeable Bonds and any Exchange Convertible Bonds, including the amendment and release of Subsidiary guarantees and the New Collateral, may be amended with the consent of holders of 90% in aggregate principal amount of the outstanding series of New HY Notes, Mandatorily Exchangeable Bonds and any Exchange Convertible Bonds. In respect of the CVRs, certain terms of the CVR Agreement may be amended with the consent of holders holding not less than 50% of the outstanding CVRS. In addition, the New Indentures provide that interest payment on the Instruments may be postponed by up to three years with the consent of holders of 75% in aggregate principal amount New HY Notes, Mandatorily Exchangeable Bonds or Exchange Convertible Bonds of the relevant series thereof, as permitted under the U.S. Trust Indenture Act of 1939, as amended. Under the Existing Indentures and/or CB Trust Deed, similar amendments would require the consent of each holder affected thereby.

Interest on the New HY Notes and/or the Mandatorily Exchangeable Bonds and/or the Exchange Convertible Bonds may be paid in the form of PIK Notes for a period of time

For the two year period from (and including) the Issue Date of the New HY Notes and to (but excluding) the second anniversary of such date, the Company may choose to pay interest on the New HY Notes and/or the Mandatorily Exchangeable Bonds and/or (subject to certain provisions in the terms and condition) the Exchange Convertible Bonds in PIK Notes in lieu of cash. If the Company chooses to do so, a holder of New HY Notes and/or the Mandatorily Exchangeable Bonds and/or the Exchange Convertible Bonds, as the case may be, will not receive interest on the relevant interest payment date in cash but additional notes of a principal amount equal to the interest amount due. Therefore, a holder of New HY Notes and/or the Mandatorily Exchangeable Bonds and/or the Exchange Convertible Bonds, as the case may be, may be subject to greater risk of loss of interest if the Company is unable to repay all outstanding principal amount of New HY Notes of the relevant series and/or the Mandatorily Exchangeable Bonds and/or the Exchange Convertible Bonds, as the case may be, on the maturity date of such series. In addition, since the issuance of PIK Notes increases the outstanding principal amount of the New HY Notes and/or the Mandatorily Exchangeable Bonds and/or the Exchange Convertible Bonds, as the case may be, the Company will incur additional future interest expense to the extent of such increase in outstanding principal amount, which, in turn, may materially and adversely affect the Company's liquidity and financial condition.

The Instruments are initially be held in book entry form only, and you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Instruments were issued only in global certificated form and held through Euroclear and/or Clearstream and their respective participants. Interests in the global notes

representing the New HY Notes and Global Certificates and Global CVR trade in book entry form only, and definitive registered notes and convertible notes will be issued in exchange for book entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or registered holders of such securities. The nominee of the common depository for Euroclear and Clearstream, as the case may be, is the sole registered holder of the global notes representing the New HY Notes, the Global CVR and the global certificate representing the Mandatorily Exchangeable Bonds. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the New HY Notes, the Global CVR and the Global Certificate representing the Mandatorily Exchangeable Bonds will be made to the paying agent which will make payments to Euroclear or Clearstream, as the case may be. Thereafter, these payments will be credited to accounts of participants that hold book entry interests in the global notes representing the New HY Notes, the Global CVR and the Global Certificate representing the Mandatorily Exchangeable Bonds and may be credited by such participants to indirect participants. After payment to the nominee of the common depository for Euroclear and Clearstream, as the case may be, the Company will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if the holder of such securities owns a book entry interest, the holder must rely on the procedures of Euroclear or Clearstream, as the case may be, and on the procedures of the participant through which the holder owns its interest, to exercise any rights and obligations of a holder of New HY Notes under the relevant New Indenture, a holder of CVRs under the CVR Agreement or of a holder of Mandatorily Exchangeable Bonds or Exchange Convertible Bonds under the New Trust Deed.

Unlike the registered holders of the New HY Notes, the CVRs and the Mandatorily Exchangeable Bonds themselves, owners of book entry interests do not have the direct right to act upon the Company's solicitations for consents, requests for waivers or other actions from registered holders of the New HY Notes, the CVRs and the Mandatorily Exchangeable Bonds. Instead, if the holder owns a book entry interest, the holder will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable the holder to vote on a timely basis.

Similarly, upon the occurrence of an event of default under a New Indenture and/or a New Trust Deed, unless and until definitive registered notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear or Clearstream, as the case may be. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Instruments.

The Group may be unable to finance an offer to repurchase the Instruments upon a Change of Control Triggering Event.

Upon the occurrence of a "Change of Control Triggering Event," as such term is defined in the New Indentures, the Company will be required to offer to repurchase all outstanding New HY Notes for cash at a price of 101% of their principal amount plus accrued and unpaid interest, and if any and upon the occurrence of a "Relevant Event", as such terms is defined in the New Trust Deed, a holder of Mandatorily Exchangeable Bonds will have the right to require the Company to redeem all outstanding Mandatorily Exchangeable Bonds at a price equal to their principal amount together with interest accrued to the date fixed for redemption. In connection with the Company's repurchase of the New HY Notes and/or

redemption of the Mandatorily Exchangeable Bonds, as applicable, the Company may also be required to repay other debt outstanding at the time, or obtain consents from the lenders of such debt to permit the repurchase of the New HY Notes and/or redemption of the Mandatorily Exchangeable Bonds, as applicable. If the Group is unable to repay such debt or obtain such consents, the Company may either repurchase the New HY Notes and/or redeem the Mandatorily Exchangeable Bonds in violation of these other debt agreements or elect not to repurchase the New HY Notes and/or redeem the Mandatorily Exchangeable Bonds. The Company's failure to repurchase the New HY Notes and/or redeem the Mandatorily Exchangeable Bonds would constitute an event of default under the New Indentures and result in a cross-default under the New Trust Deed. There can be no assurance that the Company would have sufficient funds available at the time of a Change of Control Triggering Event or Relevant Event, as the case may be, to make any debt repayment (including a repurchase of the New HY Notes) as described above.

Certain transactions that constitute “connected transactions” under the Listing Rules will not be subject to the “Limitation on Transactions with Shareholders and Affiliates” covenant

The Company's shares are listed on the SEHK and the Company is required to comply with the Listing Rules, which provide, among other things, that any transaction between a listed company or any of its subsidiaries, on the one hand, and a “connected person” of such listed company, on the other hand, is a “connected transaction” that, if the value of such transaction exceeds the applicable de minimis thresholds, will require the prior approval of the independent shareholders of such listed company. The definition of “connected person” to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of “connected person” also captures “associates,” which include, among others, (a) any subsidiary of such “connected person,” (b) any holding company of such “connected person” and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

The “Limitation on Transactions with Shareholders and Affiliates” covenant in the New HY Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (a) any holder (or any affiliate of such holder) of 10% or more of the shares of the Company or (b) any affiliate of the Company, on the other hand. As such, transactions between the Company or any Restricted Subsidiary, on the one hand, and an affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they are subject to the independent shareholders' requirement under the Listing Rules. As a result, the Company is not required by the terms of the Instruments to ensure that any such transactions are on terms that are fair and reasonable, and the Company will not need to deliver officers' certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Instruments for any such transactions.

Instruments may be illiquid

There may be no market for the Instruments or any securities issued in exchange thereof. To the extent any such securities become tradable, the price and trading volume thereof may be highly volatile. Factors such as variations in the Group's revenues, earnings and cashflows, proposals for new investments, strategic alliances and/or acquisitions, changes

in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the Group's industry and general economic conditions nationally or internationally could cause the price of such securities to change. Any such developments may result in large and sudden changes in the trading volume and price of such securities. There can be no assurance that these developments will not occur in the future.

If the listing of the Instruments is approved, the Company will follow the applicable corporate disclosure standards for debt securities listed on the Official List of the SGX-ST, which standards may be different from those applicable to companies in certain other countries

The Company will be subject to reporting obligations in respect of the New HY Notes, Mandatorily Exchangeable Bonds and/or Exchange Convertible Bonds if listed on the Official List of the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States or Hong Kong. As a result, the level of information that is available may not correspond to what you are accustomed.

RISKS RELATED TO THE SUBSIDIARY GUARANTEES, THE JV SUBSIDIARY GUARANTEES AND THE EXISTING COLLATERAL

The initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary guarantees may in some cases be replaced by limited-recourse guarantees

The Company conducts substantially all of its business operations through its PRC subsidiaries, but none of the Company's current PRC subsidiaries provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the New HY Notes and the Mandatorily Exchangeable Bonds or at any time thereafter. No future subsidiaries that are organised under the laws of the PRC, or that are not permitted by applicable law or regulation to guarantee the New HY Notes and/or the Mandatorily Exchangeable Bonds (the "**Exempted Subsidiaries**"), will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. In addition, certain of the Company's offshore subsidiaries are not required to guarantee the New HY Notes and/or the Mandatorily Exchangeable Bonds if the consolidated assets of these subsidiaries (other than the Exempted Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not exceed 20% of the Group's total assets. As a result, the New HY Notes and/or the Mandatorily Exchangeable Bonds are effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries.

The initial Subsidiary Guarantors that guarantee the New HY Notes and the Mandatorily Exchangeable Bonds do not have significant operations. There can be no assurance that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy the Company's financial obligations under New HY Notes and/or the Mandatorily Exchangeable Bonds if the Company is unable to do so.

Under the terms of the New HY Notes, if no less than 20% of the Capital Stock of a Subsidiary Guarantor is sold to a third party (whether through sale of existing shares or issuance of new shares), such Subsidiary Guarantor may either substitute its Subsidiary Guarantee for a JV Subsidiary Guarantee or release its Subsidiary Guarantee and not provide

any guarantee for the New HY Notes, as long as the consolidated assets of all Restricted Subsidiaries organised outside the PRC (other than the Exempted Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including the New Non-Guarantor Subsidiaries) do not account for more than 20% of the Group's total assets.

In addition, in the case of a subsidiary or any entity established after the Issue Date of the New HY Notes that is incorporated outside the PRC, a limited-recourse JV Subsidiary Guarantee may be provided following the sale or issuance to a third party of no less than 20% of equity interest in such subsidiary, or purchase from a third party of an equity interest in such entity such that it becomes the Company's subsidiary (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to the Company's proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company.

The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair their enforceability

Under bankruptcy, fraudulent transfer, insolvency, unfair preference or similar laws in the Cayman Islands, the British Virgin Islands, Hong Kong and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- (i) incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- (ii) received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- (iii) was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- (iv) was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- (v) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In particular, an officeholder appointed to any of the Subsidiary Guarantors or the JV Subsidiary Guarantors could seek to void any of the Subsidiary Guarantees or JV Subsidiary Guarantees if such Subsidiary Guarantees or JV Subsidiary Guarantees are deemed to have been issued as of the date of the New Indentures and/or the New Trust Deed, and that date falls within the applicable "risk period" prior to the onset of insolvency in relation to the relevant Subsidiary Guarantor or JV Subsidiary Guarantor (typically six months or more).

The measure of insolvency for the purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) is be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or JV Subsidiary Guarantee, subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be), or holds the Subsidiary guarantee or JV Subsidiary guarantee unenforceable for any other reason, holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds would cease to have a Claim against that Subsidiary Guarantor or JV Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor or JV Subsidiary Guarantor, and would solely be creditors of the Company and any Subsidiary Guarantors or JV Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. There can be no assurance that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds.

Scope of Subsidiary Guarantees and JV Subsidiary Guarantees

The Subsidiary Guarantees and JV Subsidiary Guarantees given under the New Indentures and the New Trust Deed are intended to comprise of guarantees equivalent to the Subsidiary Guarantees and JV Subsidiary Guarantees given under the Existing Indentures and the CB Trust Deed, taking into account any accessions and releases of Subsidiary Guarantors and JV Subsidiary Guarantors permitted in accordance with the terms of the Existing Indentures and the CB Trust Deed since the date they were entered into. The scope of the Subsidiary Guarantees and JV Subsidiary Guarantees given under the New Indentures and the New Trust Deed is therefore subject to the existence of complete and accurate documentation evidencing every accession and release of Subsidiary Guarantors and JV Subsidiary Guarantors entered into since the date of the Existing Indentures and the CB Trust Deed.

The taking of certain New Collateral may in some circumstances be voidable

The taking of the New Collateral may be voidable as a preference under insolvency, fraudulent transfer or similar laws of the Cayman Islands, the British Virgin Islands or Hong Kong at any time within six months of the grant of the security or, under some circumstances, within a longer period (the “**Risk Period**”). The granting of security over capital stock of future Subsidiary Guarantors may also be voidable as a preference under relevant insolvency or fraudulent transfer or similar laws. In addition, the granting of security over certain New Collateral may be voided based on the analysis set forth under “—The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair their enforceability” above. If the granting of security over the New Collateral were to be voided for any reason, holders of the New HY Notes and the Mandatorily Exchangeable Bonds would have only an unsecured claim against the Company and the Subsidiary Guarantor Pledgors.

In particular, the New Security Documents in respect of the New Collateral took effect on the Issue Date and are therefore at risk of being voided, until such time as the applicable Risk Period has passed.

The taking of certain New Collateral may be released under certain circumstances

If the Group disposes of not less than 20% of the shares of a Subsidiary Guarantor, the Subsidiary Guarantees provided by such Subsidiary Guarantor and its subsidiaries, and the New Collateral comprising the shares of these companies, may be released if the consolidated assets of the Group’s non-PRC subsidiaries (other than the Exempted Subsidiaries) that do not guarantee the New HY Notes do not account for more than 20% of the Group’s total assets immediately following such release.

Moreover, in the event the conditions applicable to the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee are satisfied, the Group is permitted to release the security over the shares granted by such Subsidiary Guarantor, as well as the security over the shares granted by the subsidiaries of such Subsidiary Guarantor. The Group is only required to deliver replacement security for the shares that the Group continues to hold in such JV Subsidiary Guarantor (but not the subsidiaries of such JV Subsidiary Guarantor) following the sale of the equity interests in such Subsidiary Guarantor. As a result, in the event the Group sells minority equity interests in the Group’s Subsidiary Guarantors or otherwise creates JV Subsidiary Guarantors in accordance with the terms of the New Indentures, the New Collateral will be reduced in value and scope, and holders of the New HY Note and the Mandatorily Exchangeable Bonds would be subject to increased risks.

The New HY Notes Trustee and/or the New MEB Trustee may request the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds to provide an indemnity and/or security to its satisfaction

In certain circumstances the New HY Notes Trustee and/or the New MEB Trustee may (at its sole discretion) request the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds. The New HY Notes Trustee and/or the New MEB Trustee shall not be obliged to take any such actions if not indemnified to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can

be taken. The New HY Notes Trustee and/or the New MEB Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security, in breach of the terms of the New Indentures and/or New Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds to take such actions directly.

The value of the New Collateral is unlikely to be sufficient to satisfy all of the Company's obligations under the New HY Notes, the Mandatorily Exchangeable Bonds and other *pari passu* secured indebtedness

The ability of the New HY Notes Trustee and/or the New MEB Trustee, on behalf of the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds, to foreclose on the New Collateral upon the occurrence of an Event of Default or otherwise is subject to the terms of the Amended and Restated Intercreditor Agreement, as well as in certain instances to perfection and priority status. Although procedures have been undertaken to support the validity and enforceability of the security interests, there can be no assurance that the New HY Notes Trustee and/or the New MEB Trustee or holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds will be able to enforce the security interests.

The value of the New Collateral in the event of liquidation will depend upon market and economic conditions, the availability of buyers and other factors. No independent appraisals of any of the New Collateral have been prepared by or on behalf of the Group in connection with the Schemes. Accordingly, there can be no assurance that the proceeds of any sale of the New Collateral following an acceleration of the New HY Notes or the Mandatorily Exchangeable Bonds will be sufficient to satisfy, or will not be substantially less than, amounts due and payable on the New HY Notes or the Mandatorily Exchangeable Bonds. By its nature, the New Collateral, which consists solely of the capital stock of existing and future Subsidiary Guarantors, is likely to be illiquid and is unlikely to have a readily ascertainable market value. Likewise, there can be no assurance that the New Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. Furthermore, the New Collateral may be reduced or diluted under certain circumstances, including the issuance of additional debt or other *pari passu* indebtedness and the disposition of assets comprising the New Collateral, subject to the terms of the New Indentures and/or New Trust Deed.

The New Collateral is shared on a *pari passu* basis by (i) holders of the New HY Notes; (ii) holders of the Mandatorily Exchangeable Bonds or the Exchange Convertible Bonds (to be issued on the occurrence of the Automatic Exchange Transaction); and (iii) holders of "Permitted *Pari Passu* Secured Indebtedness" (as such term is defined in the Amended and Restated Intercreditor Agreement). Accordingly, in the event of a default on the New HY Notes or the Mandatorily Exchangeable Bonds or the other secured indebtedness and a foreclosure on the New Collateral, any foreclosure proceeds would be shared by such secured parties in proportion to the outstanding amounts of each class of such secured indebtedness. The value of the New Collateral is unlikely to be sufficient to satisfy all such obligations, and any foreclosure proceeds available to the holders of the New HY Notes and the Mandatorily Exchangeable Bonds are unlikely to satisfy the obligations of the Company and each of the Guarantors and/or JV Subsidiary Guarantor under the New Indentures and/or the New Trust Deed.

The security interest of the Common Security Trustee is subject to practical problems generally associated with the realisation of security interests in collateral. For example, the Common Security Trustee may need to obtain the consent of a third party to enforce a security interest. The Company cannot assure that the Common Security Trustee will be able to obtain any such consent. The Company also cannot assure that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Common Security Trustee may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

In addition, the Group's business requires certain national and local permits and licences. The business is subject to regulations and permit requirements and may be adversely affected if the Group is unable to comply with existing regulations or requirements, or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licences may be prohibited or may require the Group to incur significant cost and expense. Furthermore, the Group cannot assure that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, foreclosure may be delayed, a temporary shutdown of operations may result and the value of the collateral may be significantly decreased.

The terms of the Amended and Restated Intercreditor Agreement may affect the ability of the Company and the Subsidiary Guarantors to pay amounts due under the New HY Notes and the Mandatorily Exchangeable Bonds and the Amended and Restated Intercreditor Agreement may limit the rights of holders of the New HY Notes and the Mandatorily Exchangeable Bonds to the New Collateral

The Common Security Trustee is required to take action to enforce the New Collateral in accordance with the instructions of the holders of the New HY Notes, the Mandatorily Exchangeable Bonds (or the Exchange Convertible Bonds to be issued on the occurrence of the Automatic Exchange Transaction) and/or the holders of other *pari passu* indebtedness given under and in accordance with the Amended and Restated Intercreditor Agreement. Any enforcement action taken by the Common Security Trustee will adversely affect the Company's entitlement to receive distributions from the New Collateral, which will, in turn, have an adverse impact on the Company's ability to fulfil its payment obligations under the New Indentures and/or the New Trust Deed. Further, the Subsidiary Guarantors' ability to pay under the Subsidiary Guarantees will be adversely affected. The ability of holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds to enforce the New Collateral is restricted under the Amended and Restated Intercreditor Agreement, as only the Common Security Trustee is permitted to take enforcement actions. If an event of default occurs under the New Indentures or the New Trust Deed, the holders holding 25% of the outstanding amount of the relevant series of New HY Notes or Mandatorily Exchangeable Bonds (respectively) may direct the New HY Notes Trustee or the New MEB Trustee, as the case may be, to instruct, and the holders, creditors or representatives of the other secured parties may decide whether to take any enforcement action and may thereafter, through their respective trustee or agent, in accordance with the Amended and Restated Intercreditor Agreement, instruct the Common Security Trustee to take enforcement action against the New Collateral. By virtue of the instructions given to the Common Security Trustee described above, actions may be taken in respect of the New Collateral that may be adverse to holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds. In such event, the only remedy available to holders of the New HY notes and/or the Mandatorily

Exchangeable Bonds would be to sue for payment under the New HY Notes, the Mandatorily Exchangeable Bonds and/or the related Subsidiary Guarantees and/or JV Subsidiary Guarantees.

The Common Security Trustee, acting in its capacity as such, shall have such duties with respect to the New Collateral pledged, secured, assigned or granted pursuant to the Amended and Restated Intercreditor Agreement and the Security Documents as are set forth in the Amended and Restated Intercreditor Agreement. Under certain circumstances, the Common Security Trustee may have obligations under the Security Documents or the Amended and Restated Intercreditor Agreement that are in conflict with the holders of the New HY Notes and/or the Mandatorily Exchangeable Bonds. The Common Security Trustee will not be under any obligation to exercise any rights or powers conferred under the Amended and Restated Intercreditor Agreement or any of the Security Documents for the benefit of the holders of the New HY Notes or the Mandatorily Exchangeable Bonds and the other secured parties, unless such parties have offered to the Common Security Trustee an indemnity and/or security satisfactory to it against any loss, liability or expense.

Scope of the New Collateral

The New Collateral to be granted under the New Security Documents are intended to comprise of collateral equivalent to the Existing Collateral granted under the Existing Security Documents, taking into account any grants and releases of Existing Collateral permitted in accordance with the terms of the Existing Indentures and the CB Trust Deed since the date they were entered into. The scope of the New Collateral to be granted under the New Security Documents is therefore subject to the existence of complete and accurate documentation evidencing every grant and release of Existing Collateral entered into since the date of the Existing Indentures and the CB Trust Deed.

RISKS RELATED TO THE GROUP'S BUSINESS

The Group maintains a significant amount of indebtedness, which may materially and adversely affect its financial condition, liquidity and its ability to service its indebtedness

The Group maintains a significant amount of indebtedness to finance its operations. As of 31 December 2014, the Group's total borrowings stated in the Unaudited Management Accounts were approximately RMB65,119 million (US\$10,023 million). As at 30 September 2015, the Group's total borrowings were RMB66,067 million (US\$10,169 million). Of the Group's total outstanding borrowings, RMB57,232 million (US\$8,809 million) was repayable within 12 months and RMB8,835 million (US\$1,360 million) was repayable in more than one year.

The Group's cashflow and results of operations of its operating subsidiaries will affect its liquidity and its ability to service the Group's indebtedness. There can be no assurance that the Group will be able to continue to generate and maintain sufficient cashflow to service its indebtedness. If the Group is unable to make scheduled payments in connection with its debts and other fixed payment obligations as they become due, the Group may need to refinance such obligations or obtain additional financing. Furthermore, the Instruments and some of the Group's onshore bank loans contain cross default provisions under which default in one such loan could trigger a default on the Instruments or one or more of the other onshore bank loans as well. There can be no assurance that the Group's refinancing efforts would be successful

or timely or that the Group could secure additional financing on acceptable terms, or at all. If the Group fails to maintain sufficient cashflow to service its indebtedness or its refinancing efforts are unsuccessful, the Group's liquidity, business, and financial condition will be materially and adversely affected.

In addition to bank borrowings, the Group relies on proceeds from the pre-sale of residential properties as a major source of funding for the Group's property development activities. If the Group's pre-sales are limited or reduced for any reason, including policy or regulatory changes, a reduction in demand for or in the prices of the Group's properties, or an increase in the time required to complete sales, the Group could experience cashflow shortfalls and difficulties in funding the Group's property development activities and servicing the Group's indebtedness. The pre-sale of the Group's property projects in Shenzhen has been interrupted by Blockages since December 2014, which augured the series of events that significantly disrupted its operations. The Company's credit ratings have recently been lowered and there can be no assurance that the ratings will not be further lowered.

The Company's credit ratings have been adversely affected by its financial performance and the credit ratings agencies have progressively reduced the Group's credit ratings before withdrawing them entirely. In January 2015, Standard & Poor's Ratings Services lowered its corporate rating on the Company to SD from BB- with a negative outlook, and Moody's lowered its corporate credit rating on the Company to Ca from B3 with a negative outlook. The rating agencies cited as the basis for their downgrades a significant weakening in the Group's financial and business risk profile, default on the interest payment of US\$23 million which was due 8 January 2015 in relation to the Group's 2020 Notes and default on the 2013 HSBC Facility and disposal of certain of its assets. High capital spending and working capital requirements for its property development business also contributed to the weakening of the Group's liquidity profile and accelerated downward pressure on its credit ratings. In March 2015, Standard & Poor's Ratings Services further downgraded its corporate rating on the Company to D from SD after the Company missed further coupon payments of US\$52 million in relation to the Group's 2017 and 2018 Notes. In June 2015, Standard & Poor's Ratings Services discontinued its corporate rating on the Company and Moody's withdrew its corporate rating in August 2015. The rating agencies cited insufficient availability of information in assessing the Company's credit quality as the basis for withdrawing their ratings.

The Group's business prospects may be difficult to evaluate because certain financial information is unavailable or may be unreliable

The Group's business prospects may be difficult to evaluate accurately in part because its audited financial statements as at and for the year ended 31 December 2014 are unavailable and its December 2014 Accounts, September 2015 Accounts and/or prior financial results may be unreliable. For the purpose of the Explanatory Statement and the Schemes, the Company's management has prepared the Unaudited Management Accounts. The Unaudited Management Accounts have been produced to the best ability of the Board, and the Board believes them to accurately reflect the financial position of the Company as of the date thereof; however, the Unaudited Management Accounts have not been independently audited or reviewed by the Auditor. Furthermore, the Company cannot be sure if or when the Auditor or any other accounting firm that the Company may engage will commence or complete the audit. If the Unaudited Management Accounts were to be determined by a subsequent audit to be materially inaccurate and/or if the Company is unable to complete an

audit of its financial statements for the year ended and as of 31 December 2014 and the nine months ended and as of 30 September 2015 in a timely manner, it may be difficult to reliably assess the Company's financial position and business prospects and the Company's business, financial conditions and reputation may be materially harmed.

Matters relating to or arising from FTI's examination of certain accounting matters may adversely affect our business and results of operations

To address the issues raised by the Auditor in February 2015 and as set out in the 29 April 2015 Announcement and the 23 July 2015 Announcement, respectively, the Independent Committee engaged FTI to conduct a forensic examination of the Company's financial information. As at the date of this Information Memorandum, the work of FTI is ongoing and had yet to be concluded. If the FTI examination concludes that the Company engaged in any improper accounting practices, the Company may be exposed to greater risks associated with litigation, regulatory proceedings and government enforcement actions. The Company may also be required to restate its prior financial statements, amend prior filings with the SEHK, or take other actions not currently contemplated. In addition, there is a risk that securities class actions or other lawsuits could be filed against the Company, its directors or its officers. Any such future restatements, investigations or lawsuits may adversely affect the Company's business, financial condition, results of operations and cash flows or materially harm the Company's business and reputation.

The Company may not be able to replace key management members who depart

The Company's past success and growth depended on Chairman Kwok, one of its founders and the current chairman, and the continued services of its executive Directors and other members of its senior management team. The Company benefits from Chairman Kwok's extensive business network and experience. There can be no assurance that Chairman Kwok or any other executive Director or member of senior management will be willing or able to continue in his or her present position or that the Group will be able to identify and hire suitable replacements for those who depart. Moreover, the Group risks losing skilled and qualified employees at all levels, in its headquarters in Shenzhen and elsewhere. For example, following the implementation of the Blockages and other restrictions, over 170 employees and several key management members resigned from the Group, including the Group's chief financial officer and almost the entire accounting and finance team. If the Group cannot attract and retain suitable personnel, its business and future growth may be materially and adversely affected.

The Group is heavily dependent on the performance of the PRC real estate market, particularly in the Pearl River Delta region

The Group's business and prospects depend on the performance of the real estate market in the PRC and, in particular, in the Pearl River Delta region. Any real estate market downturn in the PRC generally or, in particular, in the Pearl River Delta region and other cities and regions where the Group operates, could adversely affect the Group's business, results of operations and financial condition. As at 30 September 2015 as stated in the Explanatory Statement, among the Group's 87 property development projects, 34 were located in the Pearl River Delta region, 10 were located in the Western China region, 6 were located in the Central China region, 22 were located in the Yangtze River Delta region, and 15 were located in the Pan-Bohai Bay Rim. The Group also intends to expand into other regions and cities in the PRC. There can be no assurance that the demand for new properties

in the Pearl River Delta region and other regions and cities in the PRC where the Group operates or intend to expand will continue to grow or that prices will not deteriorate. In addition, fluctuations of supply and demand in the real estate market in the PRC are caused by economic, social, political, regulatory and other factors that are outside of the Group's control and there can be no assurance that there will not be an over-supply of properties or an economic downturn in the property sector in the Pearl River Delta region and other cities and regions of the PRC. Any such over-supply or economic downturn may result in a slowdown in property sales or downward pressure on property prices regionally or nationwide. Any adverse development in the real estate market in the Pearl River Delta region or other regions and cities in the PRC where the Group operates or may operate in the future could have a material and adverse effect on its business, results of operations and financial condition.

The Group's business is subject to extensive governmental regulation and, in particular, the Group is susceptible to policy changes in the PRC property sector

The Group's business is subject to extensive governmental regulation and the macroeconomic control measures implemented by the PRC government from time to time. As with other PRC property developers, the Group must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. In November 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry, which provides that, among other things, in the case that a real estate enterprise is established in the PRC with overseas capital, it is prohibited to purchase and/or sell real estate properties completed or under construction for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in real estate development and management. Restrictions imposed by the PRC government on foreign investment in the property sector may affect the Group's ability to make further investments in its PRC subsidiaries and, as a result, may limit the Group's business growth and have an adverse effect on its business, financial condition and results of operations. On 12 July 2011, the State Council announced the PRC government's intention to impose austerity measures on certain second- and third-tier cities which had experienced excessive increase in property prices. The State Council ordered the Ministry of Construction to compile a list of second- and third-tier cities that will be affected by the austerity measures. If austerity measures on second- and third-tier cities are implemented, particularly in second- and third-tier cities where the Group has property projects or plans to have property projects, the Group's business, financial condition and operating results may be materially and adversely affected. The PRC government has also in recent years announced a series of other measures designed to stabilise the growth of the PRC economy and to stabilise the growth of specific sectors, including the property market, to a more sustainable level. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to

further adjustments and changes of such policies. There can be no assurance that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future, nor can the Group assure when or whether the existing policies will be eased or reversed. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt the Group's business, reduce its sales or average selling prices, or cause the Group to incur additional costs, its business prospects, results of operations and financial condition may be materially and adversely affected.

The Group may not be able to complete its projects according to schedule or on budget

A property development project requires substantial capital expenditures prior to and during the construction period, and it may take over a year before a development generates positive cashflow through pre-sales or sales. The progress of, and costs for, a development project can be adversely affected by many factors, including:

- (i) changes in market conditions, an economic downturn or a decline in consumer confidence;
- (ii) delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- (iii) relocation of existing residents and demolition of existing structures;
- (iv) increases in the market prices of raw materials if the Group cannot pass on the increased costs to customers;
- (v) shortages of materials, equipment, contractors and skilled labour;
- (vi) latent soil or subsurface conditions and latent environmental damage requiring remediation;
- (vii) unforeseen engineering, design, environmental or geographic problems;
- (viii) labour disputes;
- (ix) construction accidents;
- (x) natural disasters;
- (xi) adverse weather conditions;
- (xii) changes in government practices and policies, including reclamation of land for public works or facilities; and
- (xiii) other unforeseen problems or circumstances.

The Group's property projects are at risk from earthquakes, floods and other natural disasters in the regions where the Group operates. Damage to any of the Group's properties or impact on the markets, whether by natural disasters or otherwise, may either delay or preclude its ability to develop and sell its properties or adversely affect its budget for the projects. The Group may also experience additional or significant delays in completion or

delivery of the Group's projects and the Group may be subject to liability for any such delays. Construction delays or failure to complete construction of a project according to its planned specifications, schedule or budget may materially and adversely affect the Group's reputation, business, results of operations and financial condition.

Since December 2014, the Group has experienced irregularities in its business operations in Shenzhen, particularly in the treatment by the PRC government authorities of its projects. The Group has been subject to unexplained Blockages and Restrictions affecting property sales, as well as other regulatory hurdles that may disrupt its development activities. See *“Overview of the Group – Principal Activities of the Group – Pre-Sale – Blockages and Restrictions” and Part 2 (Background to the Schemes) of the Explanatory Statement.* There can be no assurance as to whether new irregularities will emerge in Shenzhen or elsewhere.

The Group may not always be able to obtain land reserves that are suitable for development

The Group derives its revenue principally from the sale of properties that the Group has developed. Therefore, the Group must maintain or increase its land reserves in strategic locations at an appropriate pace in order to ensure sustainable business growth. Based on the Group's rate of property development as at the time of the Explanatory Statement the Group believes it has sufficient land reserves for approximately the next three to five years of development. The Group's ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond its control. The supply of substantially all of the land in the PRC is controlled by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire land use rights for development and its costs of such acquisitions. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. The PRC government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in the PRC among property developers. In 2002, the PRC government introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for commercial use, tourism, entertainment and commodity property development. On 28 September 2007, the Ministry of Land and Resources of the PRC (the **“Ministry of Land and Resources”**) issued revised Rules on the Grant of State-owned Land Use Rights through Public Tender, Auction and Listing-for-sale, which further stipulate legal and procedural requirements on public tender, auction or listing-for-sale, the only means by which state-owned land use rights can be granted by the PRC government for industrial purposes, commercial purposes, tourism, entertainment and commodity property development, and require that the land premium must be paid in full to the local land administration bureau pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. The PRC government's policy to grant state-owned land use rights at competitive market prices has substantially increased and is likely to continue to increase the acquisition cost of land reserves generally in the PRC.

On 21 September 2010, the Ministry of Land and Resources and the Ministry of Housing and Urban Renewal Development (**“MOHURD”**) jointly issued the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction, which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties

should be strictly restricted, and the plot ratio for residential land is required to be more than 1:1. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behaviour in which it has engaged, such as leaving its land idle for more than one year due to its own faults, has been completely rectified.

On 15 February 2012, the Ministry of Land and Resources promulgated the Notice on the Key Tasks for Accomplishing Effective Real Estate Land Administration and Control in 2012 which stipulates the following:

- (i) real estate control policy shall be strictly implemented and key tasks clarified;
- (ii) real estate land supply shall be properly managed to promote social welfare;
- (iii) land supply for social security housing projects shall be guaranteed;
- (iv) unlawful acts relating to land use shall be strictly punished;
- (v) development and construction shall be vigorously encouraged; and
- (vi) supervisory analysis and media coverage shall be strengthened to provide positive guidance towards the market.

On 1 June 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land, which became effective on 1 July 2012. Under these measures, if any land parcel constitutes “idle land” due to government-related action, the holder of the relevant land use rights is required to explain to the relevant municipality or county-level land administrative department(s) the reasons for the land becoming idle, consult the relevant government authorities and rectify the situation accordingly. The means of rectification include but are not limited to the extension of the period permitted for commencing development, the adjustment of the land use and planning conditions or the substitution of the relevant idle land parcels with other land parcels.

On 5 November 2012, the Ministry of Land and Resources, the Ministry of Finance, PBOC and CBRC jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration (Guotuzi Fa [2012] No. 162) in order to strengthen land bank institutions administration, determine the reasonable scale and structure of land bank, strengthen the administration of land pre-development, reservation and protection, and regulate the financing to land reservation and the use of land reservation funds.

The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital.

If the Group fails to acquire sufficient land reserves in a timely manner and on acceptable terms, or at all, its business, prospects, results of operations and financial condition may be materially and adversely affected.

The Group may not always be able to obtain land use rights certificates with respect to certain parcels of land in connection with which the Group has entered into various contractual arrangements

The Group may not always be able to obtain land use rights certificates with respect to certain parcels of land. The Group has entered into various contractual arrangements with a view to facilitating potential land acquisitions of land use rights for certain parcels of land in several cities in the PRC. As at 30 September 2015, the prepayments paid in respect of the aforementioned parcels of land totalled approximately RMB10,175.4 million (US\$1,566 million). None of these contractual arrangements are land grant contracts with the PRC government or confirmations, by the PRC government of the sale of state-owned land use rights. As of 30 September 2015, the Group had not obtained the land use rights certificates with respect to these parcels of land. In addition, the Group is in the process of applying for land use rights certificates from the government authorities in respect of certain other parcels of land. There can be no assurance that the relevant PRC government authorities will grant the Group the appropriate land use rights or issue the relevant land use rights certificates in respect of these parcels of land or in respect of other land the Group may contract to acquire in the future, in a timely manner, or at all. Nor can the Group assure that its contractual arrangements will eventually result in its acquisition of any land use rights. As these contractual arrangements are subject to various government approvals that involve relatively complex procedures, it is not uncommon to take years to complete the acquisition of the underlying land, if at all. If the Group fails to obtain, or experiences material delay in obtaining, the land use rights certificates with respect to any parcels of land the Group has contracted or may contract to acquire in the future, in a timely manner, or at all, its business, results of operations and financial condition may be materially and adversely affected.

Furthermore, there can be no assurance that if the transactions or acquisition of land use rights cannot be completed, any refund of the Group's prepayments will be provided in a timely manner or at all. If the Group fails to obtain refunds, its financial condition, cashflow and results of operations may be materially and adversely affected.

The Group may not have adequate financing to fund its land acquisitions and property projects

Property development is capital intensive. The Group finances its property projects primarily through a combination of internal funds, construction loans, proceeds from pre-sales and other methods of financing. As at 31 December 2014 and 30 September 2015, the Group's total borrowings amounted to approximately RMB65,119 million (US\$10,023 million) and RMB66,067 million (US\$10,169 million) respectively. The Group's ability to procure adequate and suitable financing for acquisitions of land and/or companies and for property developments depends on a number of factors that are beyond its control, including general economic conditions, its financial strength and performance, credit availability from financial institutions, cost of borrowing and monetary policies in the PRC.

Various PRC regulations restrict the Group's ability to raise capital through external financing and other methods, including without limitation, the following:

- (i) the Group cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;

- (ii) PRC banks are prohibited from extending loans to real estate companies for the purposes of funding the purchase of land use rights;
- (iii) the Group cannot borrow from a PRC bank for a particular project unless the Group obtains the land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;
- (iv) PRC banks are restricted from granting loans for the development of luxury residential properties;
- (v) property developers are strictly prohibited from using the proceeds from a loan obtained from a local bank to fund property developments outside the region where that bank is located; and
- (vi) PRC banks are prohibited from accepting properties that have been vacant for more than three years as collateral for loans.

Specific measures implemented by the PRC government in recent years include the following examples:

- (i) the PBOC has prohibited commercial banks from granting loans to property developers to pay land premiums since June 2003;
- (ii) MOHURD and other PRC government authorities jointly issued the Opinions on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (關於調整住房供應結構穩定住房價格的意見) in May 2006, which, among other things:
 - (A) restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and
 - (B) prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans;
- (iii) PBOC and CBRC jointly issued the Circular on Strengthening the Administration of Commercial Real Estate Credit Loans in September 2007, which, among other things:
 - (A) prohibits commercial banks from granting loans to property projects if the developer's own capital is less than 35% of the total investment amount;
 - (B) prohibits commercial banks from granting loans to property projects that have not obtained land use rights certificates, construction land planning permits, construction works planning permits and construction works commencement permits;
 - (C) prohibits commercial banks from granting loans to real estate developers who have been found by relevant government authorities to be hoarding land and properties;
 - (D) prohibits commercial banks from accepting commercial premises that have been vacant for more than three years as collateral for loans;

- (E) requires that commercial bank loans to property developers be classified as real estate development loans and not as general working capital loans; and
 - (F) requires that in principle real estate development loan proceeds may only be used for developments in the local city where the loan is originated;
- (iv) in November 2009, the PRC government raised the minimum down-payment requirement for land purchases to 50% of the land premium and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions; and
- (v) in March 2010, the Ministry of Land and Resources stipulated that the minimum down payment of land premium of 50% should be paid within one month after the signing of a land grant contract and the rest of the land premium should be fully paid within one year after the signing of a land grant contract.

On 3 January 2008, the State Council issued a Notice on Promoting the Economic and Intensive Use of Land with respect to the collection of additional land premium, establishment of a land utilization priority planning scheme and the formulation of a system for assessing the optimal use of land and other measures. The notice calls for the full and effective use of existing construction land and the preservation of farm land. The notice also emphasizes the enforcement of the current rules on assessing idle land fees at a rate equal to 20% of the land premium for any land left idle for over one year but less than two years. The notice also urges financial institutions to exercise caution when they review loan applications from property developers that have failed to complete development of at least one-third of the land area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice states that a value-added land premium will be levied on the idle land, especially on that used for property development, and the relevant rules will be formulated jointly by the Ministry of Land and Resources and other authorities. The notice indicates that the relevant governmental authorities will formulate and issue additional rules and regulations on these matters.

In addition, PBOC adjusted the reserve requirement ratio for commercial banks seven times in 2011 and twice in 2012. The reserve requirement ratio for commercial banks currently ranges from 16.5% to 20% with effect from 18 May 2012. Such increases may negatively impact the amount of funds available to lend to businesses, including the Group, by commercial banks in the PRC. The PRC government could also introduce other initiatives that may further limit the Group's access to capital, and/or consequently reduce its flexibility and ability to use bank loans or other forms of financing to finance its acquisitions and property developments. For example, in April 2010 the State Council issued the Notice on Resolutely Curbing the Excessive Hike of Property Prices in Some Cities, which mandates that developers who hold idle land or speculate in land will not be granted bank loans for the development of new property projects. In September 2010, PBOC and CBRC jointly issued a notice to prohibit banks from lending to any property developer for its new projects or renewal of its existing loans if such developer has a track record of maintaining idle land, changing the use and nature of land without proper approval, delaying the construction, commencement or completion date, hoarding properties or other non-compliance. These government actions and policy initiatives limit the Group's ability to use bank loans to finance its acquisitions and property development projects. The PRC government, moreover, could introduce other initiatives which may further limit the Group's access to capital, and consequently limit its ability to obtain bank loans, the net proceeds from the issuance of the

Instruments or other forms of financing. If the Group fails to secure adequate financing or renew its existing credit facilities prior to their expiration, or if the PRC government adopts further restrictive credit policies in the future, the Group's business, results of operations and financial condition may be materially and adversely affected.

The Group's LAT provisions and prepayments may not be sufficient to meet its LAT obligations

In accordance with the provisions of the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") and the related implementation rules, all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of such properties. There is an exemption for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the total deductible expense items allowed under the relevant LAT regulations. This exemption is not available for sales of luxury residential properties, villas and commercial properties. It is not clear whether the residential portion of the Group's mixed residential and commercial developments will be eligible for the exemption available to ordinary residential properties. The State Taxation Bureau clarified LAT settlement to some extent in its Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises effective 1 February 2007. The Notice clarifies that provincial and local tax bureaus may formulate their own implementing rules and determine how LAT will be settled in their jurisdictions.

The Group has been prepaying LAT in respect of its pre-sale proceeds since a prepayment obligation was imposed in 2004. In addition, the Group makes provision for the estimated amount of LAT that may be payable in respect of its other sales. The Group made LAT provisions of approximately RMB305 million (US\$47 million) for the year ended 31 December 2014. For the nine months ending 30 September 2015, the Group made LAT provisions of approximately RMB226.3 million (US\$35 million). LAT provisions are recorded as a part of "income taxes payable" on the Group's balance sheets. There can be no assurance that the relevant tax authorities will agree with its calculation of LAT liabilities nor can the Group assure that the LAT provisions will be sufficient to cover its LAT obligations in respect of its past LAT liabilities. If the relevant tax authorities determine that the Group's LAT liabilities exceed its LAT prepayments and provisions, and seek to collect that excess amount, the Group's cashflow, results of operations and financial condition may be materially and adversely affected.

The Group may be adversely affected by fluctuations in the global economy and financial markets

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 had a negative impact on the world economy, which in turn affected the PRC real estate industry and many other industries. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these European nations to continue to service their sovereign debt obligations. On 6 August 2011, Standard and Poor's Ratings Services downgraded the rating for long-term United States debt to "AA+" from "AAA" for the first time in 70 years. In addition, the United Kingdom's decision on 24 June 2016 to leave the European Union has resulted in considerable uncertainty in global financial markets.

Any global economic slowdown and financial market turmoil may adversely affect homeowners and potential property purchasers, which may lead to a decline in the general demand for the Group's products and erosion of their sale prices. In addition, any tightening of liquidity in the global financial markets may negatively affect liquidity and the Group's business, financial condition and results of operations may be negatively affected.

The fair value of the Group's investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact its profitability

The Group is required to reassess the fair value of its investment properties. However, the Group has not prepared a fair value assessment of its investment properties for the Unaudited Management Accounts. In accordance with HKFRS, gains or losses (as applicable) arising from changes in the fair value of the Group's investment properties should be accounted for in its income statements in the period in which they arise. The Group's investment properties were revalued by an independent property valuer as of 2014 on an open market for existing use basis which reflected market conditions at those dates. The valuation prepared by DTZ is at Appendix 20 (*DTZ Valuation Report*) to the Explanatory Statement. Based on such valuation, the Group recognized the aggregate fair market value of its investment properties on its consolidated balance sheets, and recognized changes in fair values of investment properties and the relevant deferred tax on the Group's consolidated statements of comprehensive incomes. In 2014, the fair value gains on the Group's investment properties was RMB534.5 million (US\$82.3 million) which as shown in the Unaudited Management Accounts. There is a risk that the fair value gains of the Group's investment properties have declined during 2014 and for the nine months ending 30 September 2015, which the Company is presently not in a position to assess.

Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by the Group, and accordingly do not increase or decrease the Group's liquidity in spite of the increased profit or loss represented by any fair value gains or losses. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rate, interest rate, inflation rate, urbanization rate and disposable income level, in addition to any government regulations, can substantially affect the fair value of the Group's investment properties and affect the supply and demand in the PRC property market. All these factors are beyond the Group's control and there can be no assurance that changes in market conditions will continue to create fair value gains on its investment properties at the historical levels, or at all, or that the fair value of its investment properties will not decrease in the future. If the fair value of the Group's investment properties declines, the Group's profitability would be materially and adversely affected.

The Group guarantees mortgage loans of its customers and may be liable to the mortgagee banks if its customers default on their mortgage payments

The Group pre-sells properties before construction is completed. The purchasers of the Group's properties may need mortgage loans to purchase its properties, and the Group typically arranges for various banks to provide these mortgage loans. In accordance with market practice, the mortgagee banks require the Group to guarantee its customers' mortgage loans. Typically, the Group's guarantee obligations for such customers' mortgage loans are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged

property and the completion of the registration of the mortgage. It generally takes six months to one year after the Group delivers possession of the relevant property to the purchaser for its guarantee to be released. If a purchaser defaults on a mortgage loan guaranteed by the Group, the Group may have to repay the mortgage loan. If the Group fails to do so, the mortgagee bank may foreclose the underlying property and recover any balance from the Group as the guarantor of the defaulted mortgage loan. In line with industry practice, the Group relies on the credit analysis performed by the mortgagee banks in respect of individual customers and the Group does not conduct any independent credit checks on them.

As of 31 December 2014 and 30 September 2015, the Group's outstanding financial guarantees for the mortgage loans of its customers amounted to RMB15,337 million (US\$2,361 million), and approximately RMB15,179 million (US\$2,336 million) respectively. If a purchaser defaults under the mortgage loan and the mortgagee bank calls on the Group's relevant guarantee after it deals with the relevant property through a default auction, the Group is required to repay the outstanding amount owed by the purchaser to the mortgagee bank under the mortgage loan. If the Group is required to honour its guarantees, its results of operations and financial position may be materially and adversely affected.

The Group's profitability and results of operations are affected by changes in interest rates

Changes in interest rates have affected and will continue to affect the Group's financing costs and, ultimately, its results of operations. In April 2006, PBOC raised the benchmark one-year lending rate from 5.58% to 5.85% and in August 2006 further increased such rate to 6.12%. PBOC again increased the one-year lending rate six times in 2007 from 6.12% to 7.47% in December 2007. Beginning in 2008, PBOC decreased the benchmark one-year lending rate five times, from 7.47% to 5.31% in December 2008, which remained unchanged until September 2010. The one-year lending rate increased to 5.81% effective from 31 December 2010, increased to 6.06% effective from 9 February 2011, increased to 6.31% effective from 6 April 2011 and increased to 6.56% effective from 7 July 2011, although the PBOC subsequently lowered the one-year benchmark interest rate by 25 basis points in June 2012 and by 31 basis points in July 2012. The PBOC further lowered the benchmark one-year lending rate during the period November 2014 to October 2015, namely to 5.6% on 21 November 2014, to 5.35% on 1 March 2015, to 5.1% on 10 May 2015, to 4.85% on 27 June 2015 to 4.6% on 25 August 2015, and to 4.35% on 23 October 2015. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs for the Group's property developments.

A substantial portion of the interest expense has been capitalized as properties under development, which will then be recognized in the consolidated statements of comprehensive income as cost of sales upon the sale of properties. Capitalized interest represented approximately 6.1% and 7.5% of the Group's cost of sales in 2014 and the nine months ended 30 September 2015, respectively. As a result, such capitalized interest expense may adversely affect the Group's gross profit margin upon the sales of properties in future. In addition, increases in interest rates may affect the Group's customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase its properties.

The PRC government may impose fines on the Group or take back the Group's land if the Group fails to develop a property according to the terms of the land grant contract

Under PRC laws and regulations, if the Group fails to develop a property according to the terms of the land grant contract, including those relating to the payment of land premium, demolition and resettlement costs and other fees, the specified use of the land and the time for commencement and completion of the development, the PRC government may issue a warning, impose a penalty, and/or take back the Group's land. Under current PRC laws and regulations, if the Group fails to pay any outstanding land grant premium on time, the Group may be subject to a late payment penalty of 0.1% of the outstanding balance for every day of delay in payment. In addition, the PRC government may impose an idle land fee equal to 20% of the land premium or allocation fees if (i) the Group does not commence construction for more than one year but less than two years after the date specified in the relevant land grant contract; (ii) total constructed GFA is less than one-third of the total proposed GFA for the development and the development has been suspended for more than one year without governmental approval; or (iii) the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval. Furthermore, the PRC government has the authority to take back the land without compensation to the Group, if the Group does not commence construction for more than two years after the date specified in the land grant contract, unless the delay is caused by force majeure or governmental action.

During the year ended 31 December 2014 and the 9 months ended 30 September 2015, the Group did not receive any warning regarding idle land or pay any penalties for the late payment of land premium or in respect of idle land, and none of the Group's land has been taken back by the government as a result of being idle for two years. However, there can be no assurance that there will be no significant delays in the commencement of construction or the development of the Group's properties in the future, or that the Group's developments will not be subject to idle land penalties or be taken back by the government as a result of such delays. The imposition of substantial idle land penalties could have a material and adverse affect on the Group's business, results of operations and financial condition. If any of the Group's land is taken back by the government, the Group would not only lose the opportunity to develop the property, but the Group would also lose its prior investments in the development, including land premiums paid and costs incurred in connection with such land.

A deterioration in the Group's brand image could adversely affect its business

The Group relies to a significant extent on its brand name and brand image, "Kaisa" ("佳兆業"). Any negative incident or negative publicity concerning the Group or its property developments could adversely affect the Group's reputation and business. In addition, although the Group is a well-known brand in the Pearl River Delta Region, the Group is less well known in other regions in the PRC. Brand value is based largely on subjective consumer perceptions and can be damaged by isolated incidents that reduce consumer trust. Consumer demand for the Group's products and its brand value could diminish significantly if the Group fails to preserve the quality of its products, or fails to deliver a consistently positive consumer experience in each of its complexes, or if the Group is perceived to act in an unethical or socially irresponsible manner.

In addition, the Group's efforts to protect its brand name may not be adequate, and the Group may be unable to identify any unauthorized use of its brand name or to take

appropriate steps to enforce its rights on a timely basis. As at the date of the Explanatory Statement, the Group had registered 820 trademarks in the PRC and 19 trademarks in Hong Kong. The Group's brand could be misappropriated or misused in the future. If the registration of its brand name “佳兆業” and the relevant trademarks in the PRC cannot be completed, the Group will not be able to have adequate protection against unauthorised use or infringement of its brand name committed by any third parties. Any unauthorised use or infringement of the Group's brand name may impair the value the Group, damage its reputation and materially and adversely affect its business and results of operations.

The Group may be involved from time to time in disputes, administrative, legal and other proceedings arising out of its operations or subject to fines and sanctions in relation to its non-compliance with certain PRC laws and regulations, and may face significant liabilities as a result

The Group may be involved in disputes with various parties involved in the construction, development and the sale of its properties, including contractors, suppliers, construction workers, original owners and residents, partners and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to the Group's reputation, incurrence of substantial costs and the diversion of resources and management's attention. As most of the Group's projects are comprised of multiple phases, purchasers of its properties in earlier phases may file legal actions against the Group if the Group's subsequent planning and development of the relevant project is perceived to be inconsistent with its representations and warranties made to such earlier purchasers. These disputes and legal and other proceedings may materially and adversely affect the Group's reputation, business, results of operations and financial condition. The judicial process of releasing the seizure of properties may decrease the time the Group devotes to normal and customary operating functions. In addition, the Group may have compliance issues with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in liabilities and cause delays to the Group's property developments. If the Group fails to comply with any applicable PRC laws or regulations, its reputation and its business, results of operations and financial condition may be materially and adversely affected.

The Company's substantial shareholders and certain officers may take actions that are not in, or may conflict with, the Company's or the Group's creditors' (including the holders of the Instruments) best interests

As at the date of the Explanatory Statement, the Company's substantial shareholders held the Group's shares in the following manner:

Shareholders	Number of the Shares held	Approximate percentage of the issued share capital of the Company
Sino Life	649,700,957	(see Note 1) 12.65%
Fund Resources Investment Holding Group Company Limited (a wholly owned subsidiary of Sino Life) (“ Fund ”	887,995,149	17.29%

Resources)		
Da Zheng (<i>see Note 2</i>)	843,065,377	16.41%
Da Feng (<i>see Note 3</i>)	843,065,378	16.42%
Da Chang (<i>see Note 4</i>)	843,065,378	16.42%
Sub-total	4,066,892,239	79.19%

Note 1: The beneficial shareholder of 29.94% (i.e. 1,537,696,106 Common Shares, the combined shareholding of Sino Life and Fund Resources).

Note 2: As at the date of the Explanatory Statement, the entire issued share capital of Da Zheng was wholly owned by Mr. Kwok Ying Chi, Chairman Kwok's brother.

Note 3: As at the date of the Explanatory Statement, the entire issued share capital of Da Feng was wholly owned by Chairman Kwok.

Note 4: As at the date of the Explanatory Statement, the entire issued share capital of Da Chang was wholly owned by Mr. Kwok Hiu Kwan, Chairman Kwok's son

The Company's substantial shareholders will, if they act together, have the ability to exercise influence over the Group's business, and may cause the Group to take actions that are not in, or may conflict with, its or its creditors' (including the holders of the Instruments) best interests, including matters relating to the Company's management and policies and the election of its Directors and senior management. Such substantial shareholders if acting together will be able to influence the Group's major policy decisions, including its overall strategic and investment decisions, by controlling the election of the Company's Directors and, in turn, indirectly controlling the selection of its senior management, determining the timing and amount of any dividend payments, approving the Company's annual budgets, deciding on increases or decreases in its share capital, determining its issuance of new securities, approving mergers, acquisitions and disposals of the Group's assets or businesses, and amending its Articles of Association.

RISKS RELATED TO THE REAL ESTATE INDUSTRY IN THE PRC

The PRC government may adopt further measures to slow down growth in the property sector

Along with the economic growth in the PRC, investments in the property sectors have increased significantly in the past few years. In response to concerns over the increase in property investments, from 2004 to March 2013, the PRC government introduced various policies and measures to curtail property developments, including:

- (i) requiring real estate developers to finance, with their internal resources, at least 35% of their total investments (excluding affordable housing projects);
- (ii) limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- (iii) suspending land supply for villa construction and restricting land supply for high-end residential property construction;
- (iv) requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-size units for sale or as low-cost rental properties;
- (v) requiring that at least 70% of the total development and construction area of residential projects approved or constructed on or after 1 June 2006 in any administrative jurisdiction must consist of units with a unit floor area of less than 90 square meters and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to comply with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from MOHURD;
- (vi) requiring first-time home owners buying a home of 90 square metre or above to pay the minimum amount of down-payment of 30% of the purchase price of the underlying property;
- (vii) requiring any second-time home buyer to pay an increased minimum amount of down- payment of 60% of the purchase price of the underlying property and an increased minimum mortgage loan interest rate of no less than 110% of the relevant PBOC benchmark one-year bank lending interest rate;
- (viii) for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties; (ii) increasing the minimum amount of down-payment to 50% of the purchase price of the underlying property; (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate; and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;

- (ix) for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down-payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;
- (x) limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- (xi) imposing more restrictions on the types of property developments that foreign investments may engage in;
- (xii) imposing or increasing taxes on short-term gains from second-hand property sales;
- (xiii) restricting foreign investment in the property sector by, among other things, increasing registered capital and other requirements for establishing FIREEs, tightening foreign exchange control and imposing restrictions on purchases of properties in the PRC by foreign persons;
- (xiv) requiring commercial banks to suspend mortgage loans to customers for purchase of a third or further residential property, or to non-residents who cannot provide proof of local tax or social security insurance payments for more than a one-year period;
- (xv) raising the benchmark one-year lending rate published by PBOC during the period from 2010 to June 2012;
- (xvi) adjusting the PBOC RMB deposit reserve requirement ratio for all PRC deposit taking financial institutions nine times in 2011 and 2012, with the current ratio ranging from 16.5% to 20%, effective from 18 May 2012;
- (xvii) non-registered residents who own one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are prohibited from purchasing any residential properties located in the administrative area; and
- (xviii) strictly enforcing a 20% tax on home sale profits.

There can be no assurance that the PRC government will not change or modify these temporary measures in the future. These measures may limit the Group's access to capital resources, reduce market demand for its products and increase its operating costs in complying with these measures. There can be no assurance that the PRC government will not adopt additional and more stringent measures, which could further slow down property development in the PRC and adversely affect the Group's business and prospects.

The Group is exposed to contractual, legal and regulatory risks related to pre-sales

The Group depends on cashflows from pre-sales of properties as an important source of funding for its property developments. The Group faces risks relating to the pre-sale of properties. For example, the Group may find itself liable to the purchasers for their losses if the Group pre-sells units in a property development and fails to complete that development. If the Group fails to complete a pre-sold property on time, its purchasers may claim compensation for late delivery pursuant to either their contracts with the Group or relevant PRC laws and regulations. If the Group's delay extends beyond a specified period, its purchasers may terminate their pre-sale contracts and claim compensation. A purchaser may

also terminate his or her contract with the Group if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in his or her contract. There can be no assurance that the Group will not experience delays in the completion and delivery of the Group's projects, or that the GFA for a delivered unit will not deviate by more than 3% from the GFA set out in the relevant contract in every instance. Any termination of the purchase contract as a result of the Group's late delivery of properties or deviation from the GFA set out in such contract will have a material adverse effect on the Group's business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sales of the relevant properties and pre-sale proceeds may only be used to finance the related development. Various PRC authorities and regulators have publicly called for the discontinuance or abolishment of pre-sales, or to impose tighter regulations on such practice. There can be no assurance that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of its capital outlay and would result in its needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cashflow results of operations and financial condition.

The total GFA of some of the Group's developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and payment of additional land premium

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in the relevant construction works planning permit, the Group may not be able to obtain the acceptance and compliance form of construction completion for the development, and as a consequence, the Group would not be in a position to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires governmental approval, and the payment of additional land premium. The Group may also be subject to liability to purchasers under its sales and purchase agreements. For example, in the development of the Group's Guangzhou Jinmao project, the constructed total GFA exceeded the permitted total GFA as provided in the construction works planning permit, and the Group was required to seek approval and pay additional land premiums for the excess GFA in 2009.

There can be no assurance that the constructed total GFA for each of the Group's existing projects under development or any future property developments will not exceed the permitted total GFA for that development, or that the authorities will not determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, there can be no assurance that the Group would have sufficient funding to pay any required additional land premium or to pay for any corrective action that may be required in a timely

manner, or at all. Any of these circumstances may materially and adversely affect the Group's reputation, business, results of operations and financial condition.

RISKS RELATED TO THE PRC

The Group's income tax obligations may increase, dividends from its PRC subsidiaries may be subject to withholding tax under PRC tax laws and the Group may be subject to PRC tax under the Enterprise Income Tax Law

In March 2007, the National People's Congress of the PRC and its Standing Committee (the "NPC" or the "National People's Congress") enacted the Enterprise Income Tax Law of the PRC (the "**Enterprise Income Tax Law**"), which took effect on 1 January 2008. The Enterprise Income Tax Law imposes a unified income tax rate of 25% on all domestic and foreign-invested enterprises unless they qualify under certain limited exceptions. According to the Enterprise Income Tax Law, enterprises that were previously subject to an enterprise income tax rate lower than 25% continued to enjoy the lower rate and gradually transitioned to the new tax rate within five years after 1 January 2008. For example, companies established in the Shenzhen Special Economic Zone were subject to PRC enterprise income tax at a rate of 15% before 1 January 2008 and allowed an extension period of five years to phase into the new tax regime until the end of 2012, after which the unified 25% tax rate was imposed. In 2014 and the nine months ended 30 September 2015, the Group paid enterprise income tax of approximately RMB303 million (US\$47 million) and approximately RMB182 million (US\$28 million), respectively.

The Company is a holding company that is financially dependent on distributions from its subsidiaries and its business operations are principally conducted through the Group's PRC subsidiaries. Prior to 31 December 2007, dividend payments to foreign investors made by foreign-invested enterprises, such as dividends paid to the Company by its PRC subsidiaries, were exempt from PRC withholding tax. The Enterprise Income Tax Law and the Regulations for Implementation of Enterprise Income Tax Law of the PRC (together with the Enterprise Income Tax Law, the "**Enterprise Income Tax Laws**"), effective 1 January 2008, provide that any dividend payment to foreign investors is subject to a withholding tax at a rate of 10%. Pursuant to the Arrangement between the PRC and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income signed on 21 August 2006, a company incorporated in Hong Kong may be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in that particular PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% interest in that subsidiary, although there is uncertainty under a recent circular regarding whether intermediate Hong Kong holding companies will remain eligible for benefits under this arrangement.

In addition, under the Enterprise Income Tax Laws, enterprises established under the laws of jurisdictions outside the PRC with their "de facto management bodies" located within the PRC may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The Enterprise Income Tax Laws provide that the "de facto management body" of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If a majority of the members of the Company's management team or a majority of the Company's directors continue to be located in the PRC, the Company may be considered a PRC resident enterprise and therefore subject to PRC enterprise income tax at the rate of 25% on the Company's worldwide

income. If the Company's PRC subsidiaries become subject to the withholding tax or the Company or any of its non-PRC subsidiaries otherwise become a PRC resident enterprise under the Enterprise Income Tax Laws, the Company's profitability and cashflow would be materially and adversely affected.

Interest payable by the Company to the Group's foreign investors and gain on the sale of the Instruments may become subject to withholding taxes under PRC tax laws

Under the Enterprise Income Tax Laws, if the Group is deemed a PRC resident enterprise, the interest payable on the New HY Notes, Mandatorily Exchangeable Bonds and Exchange Convertible Bonds and any payment in respect of the CVRs will be considered to be sourced within the PRC. PRC income tax at the rate of 10% will be applicable to such interest payable by the Group to investors that are "non-resident enterprises" so long as such "non-resident enterprise" investors do not have an establishment or place of business in the PRC or if, despite the existence of such establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC. Similarly, any gain realized on the transfer of the Instruments by such investors will be subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. It is uncertain whether the Group will be considered a PRC "resident enterprise," so the Group is not sure whether the interest payable to its foreign investors, or the gain its foreign investors may realise from the transfer of Instruments, would be treated as income sourced within the PRC and be subject to PRC tax. If the Group is required under the Enterprise Income Tax Laws to withhold PRC income tax on its interest payable to its foreign shareholders who are "non-resident enterprises," the Group will be required to pay such additional amounts as will result in receipt by a Noteholder and/or a CB Holder and/or an Existing Offshore Loans Creditor and/or a holder of Instruments of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the New HY Notes, Mandatorily Exchangeable Bonds and Exchange Convertible Bonds, and could have a material adverse effect on the Group's ability to make payments in respect of the CVRs or pay interest on, and repay the principal amount of, the New HY Notes, Mandatorily Exchangeable Bonds and Exchange Convertible Bonds, as well as its profitability and cashflow. In addition, if such a holder is required to pay PRC income tax on the transfer of the Instruments, the value of your investment in the Instruments may be materially and adversely affected. It is unclear whether, if the Group is considered a PRC "resident enterprise," holders of the Instruments might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

THE COMPANY

The Company was incorporated in the Cayman Islands on 2 August 2007 as an exempted company limited by shares pursuant to the Companies Law (2004 Revision) with registered number CT-192502. The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Pursuant to the Articles of Association, the Company's authorised share capital is HK\$5,000,000,000 divided into 50,000,000,000 ordinary shares with a par value of HK\$0.10 each, of which 5,135,427,910 shares have been issued, being the Common Shares.

The Common Shares were listed on the Main Board of the SEHK on 9 December 2009. However, trading in the Common Shares on the SEHK was suspended on 31 March 2015. As at the date of the Explanatory Statement, 20.81% of the Common Shares were held by members of the general public and 79.19% of the Shares were held by five significant institutional shareholders. For a list of the Company's shareholders, please refer to Section "*The Company's Shareholding.*"

The objects for which the Company was established are unrestricted and it is authorised to engage in any activity in accordance with the laws of the Cayman Islands and to exercise all the functions of a natural person of full capacity irrespective of any question of corporate benefit.

The Company is the ultimate parent of the Group, which includes a large number of intermediate holding and operating companies in the PRC, Hong Kong and the BVI as set out in the section titled "*The Corporate Structure.*"

The Articles of Association provide that the Company's Board must consist of at least two Directors. The Directors and their position within the Company, as at the date of the Explanatory Statement, are as follows:

Name	Position
KWOK Ying Shing	Chairman
SUN Yuenan	Executive Director
ZHENG Yi	Executive Director
LEI Fugui	Executive Director
YU Jianqing	Executive Director
CHEN Shaohuan	Non-Executive Director
ZHANG Yizhao	Independent Non-Executive Director
RAO Yong	Independent Non-Executive Director

There are no current or potential conflicts of interest between the duties to the Company of the Directors and their private interests and/or duties.

The management, as at the date of the Explanatory Statement, which comprised the Group's executive team, responsible for the day to day management of the Group, was as follows:

Name	Position
GAO Feng	Vice President
HAN Zhenjie	Vice President

Name	Position
LI Haiming	Vice President
HUANG Qin	Vice President
ZHANG Renchao	Vice President
XI NG Tao	Vice President
WANG Hongwei	Vice President
CHI Jiafang	Vice President
SIU Ho Fai	Company Secretary

THE COMPANY'S SHAREHOLDING

As at the date of the Explanatory Statement, so far as the Directors were aware, persons other than the Directors or chief executive of the Company, who had an interest or a short position in its Common Shares or underlying Common Shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

	Name of substantial shareholder	Capacity	Number of Common Shares ⁽¹⁾	Approximate percentage of the issued share capital of the Company ⁽⁶⁾
				(%)
1	Da Chang ⁽²⁾	Beneficial owner	843,065,378 (L)	16.42 (L)
2	Da Feng ⁽³⁾	Beneficial owner	843,065,378 (L)	16.42 (L)
3	Da Zheng ⁽⁴⁾	Beneficial owner	843,065,377 (L)	16.41 (L)
4	Sino Life ⁽⁵⁾	Beneficial owner	649,700,957 (L)	12.65 (L)
5	Fund Resources Investment Holding Group Company Limited (" Fund Resources ")	Beneficial owner	887,995,149 (L)	17.29 (L)
6	Others	Public shareholders	1,068,535,671	20.81
		Total	5,135,427,910	100

Notes:

- (1) The letter "L" denotes the person's long position in the Common Shares and the letter "S" denotes the person's short position in the Common Shares.
- (2) The entire issued share capital of each of Da Chang is wholly owned by Mr. Kwok Hiu Kwan.
- (3) The entire issued share capital of each of Da Feng is wholly owned by Mr. Kwok Ying Shing.
- (4) The entire issued share capital of each of Da Zheng is wholly owned by Mr. Kwok Ying Chi.
- (5) Fund Resources, which was wholly owned by Sino Life, has a direct interest in 887,995,149 Common Shares (Long Position). By virtue of SFO, Sino Life is deemed to be interested in Common Shares held by Fund Resources. Reference is made to the form of the disclosure of interests filed by Sino Life on 4 December 2014.
- (6) The percentage was calculated based on 5,135,427,910 Common Shares as at the date of the Explanatory Statement.

In addition, the following Directors and executive officers each beneficially hold less than 1% shareholding in the Company:

Substantial Shareholders with Interest in controlled corporation

	Name of substantial shareholder	Capacity	Number of Common Shares⁽¹⁾	Approximate percentage of the issued share capital of the Company⁽⁶⁾
				(%)
	Kwok Hiu Kwan ⁽²⁾	Interest in controlled corporation	843,065,378 (L)	16.42 (L)
	Kwok Ying Chi ⁽⁴⁾	Interest in controlled corporation	843,065,377 (L)	16.41 (L)
	Kwok Ying Shing ⁽³⁾	Interest in controlled corporation	843,065,378 (L)	16.42 (L)

Long positions in the Common Shares

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of the underlying Common Shares</u>	<u>Approximate percentage of shareholding of the issued share capital of the Company (%)</u>
Kwok Ying Shing ⁽³⁾	Interest in controlled corporation	843,065,378 (L)	16.42%

Long positions in the underlying Common Shares

<u>Name of Director</u>	<u>Capacity</u>	<u>Underlying Common Shares (under the Share Option Scheme)</u>	<u>Approximate percentage of the issued share capital of the Company (%)</u>
SUN Yuenan	Beneficial Owner	20,020,000	0.39
ZHENG Yi	Beneficial Owner	588,000	0.01
YU Jianqing	Beneficial Owner	5,400,000	0.11
ZHANG Yizhao	Beneficial Owner	1,000,000	0.02
RAO Yong	Beneficial Owner	1,000,000	0.02

Share Option Scheme

The Group adopted its share option scheme on 22 November 2009 (“**Share Option Scheme**”), in order to attract, retain and motivate its directors, management members and employees. The Group has granted options to certain of its directors, management members and employees under such scheme and as of the date of the Explanatory Statement, options to subscribe for up to 124,874,000 Common Shares of the Company were outstanding.

Pursuant to the Share Option Scheme, the Board may at its discretion offer to grant an option to (1) any full-time or part-time employees, executive or offices of the Company or any of its subsidiaries; (2) any directors of the Company or any of its subsidiaries; and (3) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries (“**Eligible Participant**”).

The maximum number of Common Shares in respect of which options may be granted under the Share Option Scheme and under any other share option scheme of the Company must not in aggregate exceed 10 percent of the Common Shares in issue immediately upon completion of the global offering as at the listing date of the Company¹ (assuming that the Over-allotment Option is not exercised). As at the date of grant of any proposed grant of options, the maximum number of Common Shares in respect of which options may be granted is such number of Common Shares less the aggregate of the following Common Shares as at the date of grant: (a) the number of Common Shares which would be issued on the exercise in full of the options under the Share Option Scheme or other schemes but not cancelled, lapsed or exercised; (b) the number of Common Shares which have been issued and allotted pursuant to the exercise of any options under the Share Option Scheme or other schemes; and (c) the number of shares under the Share Option Scheme which has been granted and accepted but subsequently cancelled.

Notwithstanding the foregoing and subject to any alteration of the Company’s capital, the maximum number of Common Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Common Shares in issue from time to time.

The total number of Common Shares issued and which may fall to be issued upon exercise of the options granted under the share Option scheme and any other share option schemes of the Company to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Common Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to (i) the issue of a circular by the Company containing particulars of the Eligible Participant and options to be granted; and (ii) the approval of the Company’s shareholders in general meeting with such Eligible Participant and his associates abstaining from voting.

An option granted under the Share Option Scheme may be exercised at any time after the date of upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised is determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

Where a compromise or arrangement between the Company and its members or creditors is proposed, the Company shall give notice to all grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to the Company accompanied by remittance for the full amount of the aggregate subscription price for the Common Shares in respect of which the notice is given, exercise the option to its full

¹The figure can be adjusted subject to approval of the shareholders of the Company in general meeting and issue of a circular by the Company.

extent or to the extent specified in the notice and the Company will allot and issue such number of Common Shares to the grantee.

The Company may, by resolution in general meeting or the Board, at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

THE SUBSIDIARIES

A. The Subsidiary Guarantors are as follows:

1. Chang Ye Investment Company Limited (昌業投資有限公司)
2. Da Hua Investment Company Limited (大華投資有限公司)
3. Dong Chang Investment Company Limited (東昌投資有限公司)
4. Dong Sheng Investment Company Limited (東升投資有限公司)
5. Guang Feng Investment Company Limited (廣豐投資有限公司)
6. Heng Chang Investment Company Limited (恒昌投資有限公司)
7. Jie Feng Investment Company Limited (捷豐投資有限公司)
8. Jin Chang Investment Company Limited (進昌投資有限公司)
9. Rong Hui Investment Company Limited (榮輝投資有限公司)
10. Rui Jing Investment Company Limited (瑞景投資有限公司)
11. Tai He Xiang Investment Company Limited (泰和詳投資有限公司)
12. Xie Mao Investment Company Limited (協茂投資有限公司)
13. Ye Chang Investment Company Limited (葉昌投資有限公司)
14. Zheng Zhong Tian Investment Company Limited (正中天投資有限公司)
15. Tai He Sheng Investment Company Limited (泰和盛投資有限公司)
16. Tai An Da Investment Company Limited (泰安達投資有限公司)
17. Tai Chang Jian Investment Company Limited (泰昌建投資有限公司)
18. Tai Chong Fa Investment Company Limited (泰昌發投資有限公司)
19. Tai Chong Li Investment Company Limited (泰昌利投資有限公司)
20. Bakai Investments Limited (八凱投資有限公司)
21. Yifa Trading Limited (益發貿易有限公司)
22. Advance Guard Investments Limited (先驅投資有限公司)
23. Victor Select Limited (凱擇有限公司)
24. Central Broad Limited (中博有限公司)
25. Guo Cheng Investments Limited (國承投資有限公司)
26. Ri Xiang Investments Limited (日翔投資有限公司)
27. Yin Jia Investments Limited (銀佳投資有限公司)
28. Kaisa Investment Consulting Limited
29. Cornwell Holdings (Hong Kong) Limited
30. Goldenform Company Limited

31. Hong Kong Jililong Industry Co., Limited
32. Kaisa Holdings Limited
33. Leisure Land Hotel Management (China) Limited
34. Regal Silver Manufacturing Limited
35. Success Take International Limited
36. Woodland Height Holdings Limited
37. Yi Qing Investment Company Limited
38. Yong Rui Xiang Investment Company Limited
39. Zhan Zheng Consulting Company Limited
40. Kaisa Investment (China) Limited
41. Wan Rui Fa Investment Company Limited
42. Wan Rui Chang Investment Company Limited
43. Wan Tai Chang Investment Company Limited
44. Wan Jin Chang Investment Company Limited
45. Multi-Shiner Limited
46. Hong Kong Kaisa Industry Co., Limited
47. Bakai Investments (Hong Kong) Limited
48. Topway Asia Group Limited
49. Kaisa Finance Holdings Limited
50. Hong Kong Kaisa Trading Limited
51. Hong Kong Wanyuchang Trading Limited
52. Hong Kong Zhaoruijing Trading Limited
53. Profit Victor Investments (Hong Kong) Limited
54. Central Broad (Hong Kong) Investment Limited
55. Guo Cheng (Hong Kong) Investment Limited
56. Ri Xiang (Hong Kong) Investment Limited
57. Yin Jia (Hong Kong) Investment Limited
58. Jet Smart Global Development Limited (捷利環球發展有限公司)
59. Apex Walk Limited (崑行有限公司)
60. Vast Wave Limited (廣濤有限公司)
61. Xian Zhang Limited (顯章有限公司)
62. Rich Tech Hong Kong Investment Limited
63. Apex Walk (Hong Kong) Limited
64. Vast Wave (Hong Kong) Limited
65. Xian Zhang (Hong Kong) Limited

66. Fulbright Financial Group (Enterprise) Limited (富昌金融集團(企業)有限公司)
67. Fulbright Financial Group (Development) Limited (富昌金融集團(發展)有限公司)
68. Fulbright Financial Group (Hong Kong) Limited

B. The Subsidiary Guarantor Pledgors are as follows:

1. Chang Ye Investment Company Limited (昌業投資有限公司)
2. Da Hua Investment Company Limited (大華投資有限公司)
3. Dong Chang Investment Company Limited (東昌投資有限公司)
4. Dong Sheng Investment Company Limited (東升投資有限公司)
5. Guang Feng Investment Company Limited (廣豐投資有限公司)
6. Heng Chang Investment Company Limited (恒昌投資有限公司)
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10. Rui Jing Investment Company Limited (瑞景投資有限公司)
11. Tai An Da Investment Company Limited (泰安達投資有限公司)
12. Tai Chang Jian Investment Company Limited (泰昌建投資有限公司)
13. Tai Chong Fa Investment Company Limited (泰昌發投資有限公司)
14. Tai Chong Li Investment Company Limited (泰昌利投資有限公司)
15. Tai He Sheng Investment Company Limited (泰和盛投資有限公司)
16. Tai He Xiang Investment Company Limited (泰和詳投資有限公司)
17. Xie Mao Investment Company Limited (協茂投資有限公司)
18. Ye Chang Investment Company Limited (葉昌投資有限公司)
19. Zheng Zhong Tian Investment Company Limited (正中天投資有限公司)
20. Bakai Investments Limited (八凱投資有限公司)
21. Yifa Trading Limited (益發貿易有限公司)
22. Kaisa Holdings Limited
23. Central Broad Limited (中博有限公司)
24. Guo Cheng Investments Limited (國承投資有限公司)
25. Ri Xiang Investments Limited (日翔投資有限公司)
26. Yin Jia Investments Limited (銀佳投資有限公司)
27. Jet Smart Global Development Limited (捷利環球發展有限公司)
28. Apex Walk Limited (歲行有限公司)

29. Vast Wave Limited (廣濤有限公司)
30. Xian Zhang Limited (顯章有限公司)
31. Fulbright Financial Group (Enterprise) Limited (富昌金融集團(企業)有限公司)
32. Fulbright Financial Group (Development) Limited (富昌金融集團(發展)有限公司)

C. The Non-Guarantor Subsidiaries are Ace Start Enterprises Limited (佳始企业有限公司), Bowen Asset Management (Cayman) Limited (宝运资产管理(开曼)有限公司), Bowen Asset Management Limited (宝运资产管理有限公司), Brave Sigh Limited (勇志有限公司), Brave Sigh (Hong Kong) Limited (勇志(香港)有限公司), Central Sino Investments Limited (正汉投资有限公司), Central Sino Investments (Hong Kong) Limited (正汉投资(香港)有限公司), Crest Sum Limited (总冠有限公司), Crest Sum (Hong Kong) Limited (总冠(香港)有限公司), Glorious Model Limited (荣程有限公司), Glorious Model (Hong Kong) Limited (荣程(香港)有限公司), Goldenform Investments Limited (崇坚投资有限公司), Greater Sail Limited (顺帆有限公司), Greater Sail (Hong Kong) Limited (顺帆(香港)有限公司), Hao Xi Holdings Limited (豪熙控股有限公司), Hao Xi Holdings (Hong Kong) Limited (豪熙控股(香港)有限公司), Heroic Lead Limited (杰领有限公司), Heroic Lead (Hong Kong) Limited (杰领(香港)有限公司), Huang Da Limited (煌达有限公司), Huang Da (Hong Kong) Limited (煌达(香港)有限公司), Kaisa Logistic Group Limited (佳兆业物流集团有限公司), Kaisa Technology Limited (佳兆业科技有限公司), Kaisa Ventures Limited (佳兆业创投有限公司), Kaisa Ventures (Hong Kong) Limited (佳兆业创投(香港)有限公司), Luxuriant Year Limited (茂年有限公司), Luxuriant Year (Hong Kong) Limited (茂年(香港)有限公司), Onfair Asia Pacific Limited (安信亚太有限公司), Peiyu Limited (沛裕有限公司), Peiyu (Hong Kong) Investments Limited (沛裕(香港)投资有限公司), Pointer Star Limited (尖星有限公司), Portwood Global Limited (港活环球有限公司), Portwood Global (Hong Kong) Limited (港活环球(香港)有限公司), Richedge Limited (博锋有限公司), Richedge (Hong Kong) Limited (博锋(香港)有限公司), Right Year Developments Limited (伟年发展有限公司), Right Year Developments (Hong Kong) Limited (伟年发展(香港)有限公司), Soarhigh Developments Limited (展升发展有限公司), Soarhigh Developments (Hong Kong) Limited (展升发展(香港)有限公司), Splendid Maple Limited (烨枫有限公司), Splendid Maple (Hong Kong) Limited (烨枫(香港)有限公司), Superb Mega Limited (超旭有限公司), Super Winful Limited (超全有限公司), Tong Sheng Investments Limited (通升投资有限公司), Tong Sheng Investments (Hong Kong) Limited (通升投资(香港)有限公司), Yuan Yuan Investment Company Limited (远源投资有限公司), Action Enrich Limited, Action Enrich (Hong Kong) Investment Limited, Sunny Harvest Investments Limited, Sunny Harvest Investments (Hong Kong) Limited, Sunny Sino Investments Limited and Sunny Sino Investments (Hong Kong) Limited.

OVERVIEW OF THE GROUP

Principal activities of the Group

The Group is primarily engaged in the development of large-scale residential properties as well as integrated commercial properties. The Group also engages in property management, development of shopping mall and hotel operations and catering services.

The Group employed approximately 9,593 employees as at 31 December 2014. The Group's employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. As at 30 September 2015, the Group employed 7,938 employees.

During 2014 and the nine months ended 30 September 2015, the Group derived most of its revenue from sales of properties developed by the Group. The following table sets out revenue from each business segment and the percentage of revenue represented by each segment for the periods indicated.

	For the year ended 31 December 2014		For the 9 months ended 30 September 2015	
	in millions		in millions	
	RMB (unaudited)	%	RMB (unaudited)	%
Sales of properties	16,856.2	96.6	3,499.3	87.8
Rental income	292.5	1.7	248.0	6.2
Property management services	217.3	1.2	173.2	4.4
Hotel and catering operations	66.1	0.4	44.5	1.1
Other business ⁽¹⁾	19.9	0.1	19.3	0.5
Total	17,452.0	100	3,984.3	100

Notes:

(1) "Other business" includes the Group's department store, cinema and cultural centre operations.

Project Development

The Group focuses primarily on development of the following:

Residential properties. The Group's large-scale residential properties are generally located in suburban areas with access to public transport and other urban facilities in selected cities in the PRC.

Commercial properties. The Group's integrated commercial properties are generally located in CBDs in selected cities in the Pearl River Delta, Yangtze River Delta, Pan-Bohai Bay Rim, Western China and Central China regions. As discussed in the Explanatory Statement, the Group's portfolio of commercial properties includes Guangzhou Kaisa Plaza located in the CBD of Guangzhou and four other commercial projects in the CBDs of Shenzhen, Huizhou, Dalian and Anshan, respectively. The Group expects the construction of additional commercial properties to be completed in the near future, including the Shenzhen Kaisa Global Centre, which is a landmark project located in the heart of Shenzhen CBD and included in the 12th Five-Year Plan of the Shenzhen Government.

As at 30 September 2015, the Group had a total of 87 property development projects, including completed properties, properties under development and properties for future development, in 30 cities in the PRC. As at 30 September 2015, the Group had completed properties with a total GFA of approximately 13.2 million sq.m., and had a land bank with an estimated total GFA of approximately 22.5million sq.m., including completed properties held for sale with a total GFA of approximately 1.7 million sq.m., properties under development with an estimated total GFA of approximately 7.9 million sq.m. and properties for future development with an estimated total GFA of approximately 13.0 million sq.m.

The Group's revenue was RMB17,452.0 million and RMB3,984.3 million respectively in 2014 and the nine months ended 30 September 2015, and the loss attributable to equity holders of the Company for each of those periods was RMB4,094.8 million and RMB1,549.0 million respectively.

As at 30 September 2015, the total GFA of the Group's land bank was 22.5 million sq.m., located in the five regions shown in the below table and approximately 46% of the Group's land bank was located in first and second-tier cities:

City/Region in the PRC	Tier ⁽²⁾	Total GFA	PHS	PUD	Held for Future Development	Total GFA
		('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	(%)
Pearl River Delta		15,257	553	2,880	6,587	44.2
Greater Shenzhen						
Shenzhen ⁽¹⁾	1	6,695	180	629	1,919	19.2%
Huizhou	-	5,612	128	1,127	4,016	16.4%
Guangzhou ⁽¹⁾	1	1,571	3	885	278	3.2%
Foshan ⁽¹⁾	-	722	205	170	-	2.9%
Zhuhai ⁽¹⁾	-	657	37	69	374	1.5%
Western China Region		5,800	526	1,456	1,221	16.1%
Chengdu	2	3,530	409	602	519	9.7%
Nanchong	-	926	117	211	-	3.1%
Chongqing	2	1,344	-	643	702	3.2%
Pan-Bohai Bay Rim		6,615	211	2,061	3,430	19.0%
Shenyang ⁽¹⁾	2	292	-	292	-	0.9%

Yingkou	-	873	55	347	292	2.1%
Anshan	-	1,032	-	-	692	3.1%
Benxi	-	323	34	70	-	0.9%
Panjin	-	380	35	-	209	1.1%
Huludao	-	2,335	9	672	1,615	6.9%
Weifang	-	185	-	131	55	0.7%
Qingdao ⁽¹⁾	2	358	-	268	90	1.0%
Liaoyang	-	309	-	-	309	0.7%
Dandong	-	293	-	125	168	0.9%
Dalian ⁽¹⁾	2	235	78	156	-	0.7%
Central China Region		2,879	202	463	482	8.2%
Changsha ⁽¹⁾	2	1,523	68	124	482	4.3%
Zhuzhou	-	597	100	-	-	1.7%
Wuhan ⁽¹⁾	-	759	34	339	-	2.2%
Yangtze River Delta		4,515	188	1,012	1,277	12.5%
Jiangyin	-	1,371	58	-	194	4.1%
Changzhou	-	254	11	-	-	0.7%
Taizhou	-	385	44	-	312	1.0%
Shanghai ⁽¹⁾	1	1,177	25	332	422	3.0%
Taicang	-	201	-	-	-	0.6%
Hangzhou ⁽¹⁾	2	407	50	308	-	1.2%
Suzhou	-	317	-	270	48	1.0%
Nanjing	2	403	-	102	301	0.9%
Total		35,066	1,680	7,872	12,997	100.0%

Notes:

(1) Cities subject to purchase restrictions, except for Changsha and Zhuhai, where only main districts in the cities are subject to purchase restrictions.

(2) “-” denotes lower tier cities.

Contracted Arrangements

In the PRC, land use rights can be obtained in the primary market or the secondary market.

The Group’s contractual arrangements for land acquisition and development can be broadly divided into the following categories (a project may fall under more than one category):

Redevelopment - As at 30 September 2015, the Group had 30 redevelopment projects in Shenzhen, 4 redevelopment projects Guangzhou, and 1 redevelopment project in Zhuhai respectively. The Group had, as at the date of the Explanatory Statement, obtained the underlying land use rights for 2 of those 35 projects.

Cooperative or joint development - As at 30 September 2015, the Group had one cooperative/joint development project, located in Huizhou.

Property Development

The diagram below summarizes the major stages typically involved in the Group's development of a property project:

Land acquisition	Project planning and pre-development issues	Design	Construction	Pre-sale and sale	After sales services
<ul style="list-style-type: none"> • Land identification/evaluation • Equity target acquisition/due diligence • Market analysis • Feasibility study • Land acquisition 	<ul style="list-style-type: none"> • Market analysis • Production positioning • Development planning and designing/conceptual design 	<ul style="list-style-type: none"> • Outline design • Structural design • Construction design • Drawing • Landscape design • Interior design • Property management proposal 	<ul style="list-style-type: none"> • Contractor selection • Supplies procurement • Construction monitoring • Completion check acceptance • Development project ownership 	<ul style="list-style-type: none"> • Promote to potential purchasers • Apply for pre-sale permits • Sale and selling management • Possession • Delivery possession properties • Mortgage and • Registration support 	<ul style="list-style-type: none"> • Unit property ownership certificates • Property management • Client service • Client activities and survey • Data analysis • Client database

Site Selection and Market Evaluation

The Group typically selects sites for its residential developments in suburban areas with access to public transport and other urban facilities. The Group typically selects sites for its commercial developments in prime locations of CBDs in selected cities.

Land Acquisition

Under current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing development must be granted by the government through public tender, auction or listing-for-sale.

Under current PRC laws and regulations, original grantees of land use rights may sell, assign or transfer the land use rights granted to them in the secondary market. Sales in the secondary market are not subject to mandatory public tender, auction or listing-for-sale and can be accomplished by agreement among the relevant parties.

During the year ended 31 December 2014 and the nine months ended 30 September 2015, the Group acquired land through the following means:

- public tender, auction and listing-for-sale organized by the relevant government authorities; and

- acquisition of controlling equity interests in companies that possess the land use rights for targeted land.

Financing of Property Developments

Historically the Group's main sources of funding for its property developments are internal funds; proceeds from pre-sales and sales of properties; borrowings from banks and other financial institutions in the PRC; and from time to time the international capital markets.

Project Planning and Design Work

The Group has an engineering and procurement division and a design management division which work with its project managers as well as external designers and architects in the project planning and design phases.

The Group has established written procedures to manage its planning and design process.

The Group also engages external design firms to carry out design work for its projects according to its design standards and guidelines.

The Group's design contracts generally include a price list and basis for calculating the design fees such as price per sq.m. of GFA and dispute resolution provisions.

Project Management

The Group has established various centralized divisions to oversee and control the major steps of its developments. These centralized divisions include the investment and development division, the engineering and procurement division, the design management division, the cost management division, the finance division and the customer services and sales division. The involvement of these centralized divisions in the process of a project development enables the Group to achieve consistency in project management and synergies across its various projects.

In order to effectively carry out daily development functions in projects in various cities and regions, the Group has established project companies in the respective cities or regions to implement the strategic decisions made by the relevant centralized divisions.

Procurement

The Group directly purchases certain major building materials and equipment such as aluminium alloys and elevators from suppliers and engages such suppliers for the installation of such materials and equipment.

Project Construction

The Group has historically contracted out all of its construction work to independent construction companies. During 2014 and the nine months ended 30 September 2015, the Group did not experience any material problems with services provided by its third-party construction contractors.

Quality Control and Construction Supervision

The Group adopts quality control procedures to ensure that its properties and services comply with relevant rules and regulations relating to quality, safety and total permitted GFA and that the properties meet market standards.

The Group has adopted a construction plan design manual, which sets out the general classifications and illustrative guidelines for the quality specifications and parameters of its construction projects.

The Group has formulated internal control standards and procedures to regulate all major processes and procedures in the construction works. The Group's project engineers perform on-site supervision during its construction process and conduct progressive inspections at each construction phase. The Group assigns evaluation teams to perform on-site evaluation reviews of its existing contractors periodically with respect to construction quality, safety control and their compliance with the relevant PRC regulations and standards relating to building materials and workmanship. The Group also prepares detailed quality evaluation reports for each unit of its projects after construction completion.

In addition, the Group engages independent third-party supervisory companies to monitor, control and manage the construction progress of its projects, including quality, cost control, safety, quality control of construction materials and equipment, and to conduct on-site inspections.

The Group is not responsible for any labour problems in respect of workers employed by its contractors or accidents and injuries that may be incurred by those workers on its construction sites if such accidents or injuries were not caused by the Group. These risks are borne by the Group's contractors as provided for in its contracts with those contractors. During 2014 and the nine months ended 30 September 2015, the Group was not aware of any non-compliance by the construction contractors of the PRC laws and regulations relating to environmental protection, health and safety or labour disputes raised by its contractors or subcontractors.

The Group provides its customers with a warranty for the quality of the structure of the construction pursuant to the Measures on the Sales of Commodity Housing and Regulations for the Operations of Urban Property Development issued by the relevant PRC governmental authorities. In addition, the Group also provides a quality warranty on certain fittings and fixtures, if applicable, usually for a period of two years according to the published national standards.

Pre-Sale

In line with market practice, the Group pre-sells properties prior to the completion of their construction. Under applicable PRC laws and regulations, the following conditions must be met prior to commencing any pre-sale of any particular property development:

- (a) the land premium must have been fully paid and the relevant land use rights certificate duly issued;
- (b) the construction land planning permit, construction works planning permit and the construction works commencement permit must have been duly issued;

- (c) the funds contributed to the property development may not be less than 25% of the total amount required to be invested in the project;
- (d) the progress and the expected completion date and delivery date of the construction work must have been ascertained; and
- (e) a pre-sale permit must have been duly issued by the relevant construction bureau or real estate administration authority.

If a purchaser defaults on the payment of its mortgage loan and the mortgagee bank calls on the Group's relevant guarantee after it deals with the relevant property through a default auction, the Group is required to repay the outstanding amount and any accrued interest owed by the purchaser to the mortgagee bank under the mortgage loan. The mortgagee bank will then assign its rights under the loan and the mortgage to the Group and the Group will have full recourse to the property.

In addition, the Group's pre-sale activities are subject to the relevant regulations of the cities where its property projects are located. Since December 2014, the Group has experienced a series of unforeseen events that have caused serious disruption to its business, created acute liquidity pressure and strained the capital resources of the Group.

Blockages and Restrictions

As disclosed in the 4 December 2014 Announcement, the Company at about that time became aware of Blockages with respect to certain unsold units of some property projects of the Group in Shenzhen, namely (i) Shenzhen Dapeng Kaisa Peninsula Resort, (ii) Shenzhen Kaisa Yuefeng Garden, and (iii) Shenzhen Kaisa Central Plaza (also known as Shenzhen Kaisa City Plaza). These projects were at the time being "pre-sold" but the processing and filing of sale and purchase agreements was blocked by the respective local branches of the Shenzhen Commission. The Company subsequently announced that an additional property project in Shenzhen (Shenzhen Shanhai Meiyu Garden, also known as Shenzhen Kaisa Qianhai Plaza) was also affected by the Blockages (see the 21 December 2014 Announcement).

In addition, the Company also disclosed in the 21 December 2014 Announcement that the relevant PRC government authority had also (i) imposed restrictions on the registration or filing of any transfers or pledges relating to the property rights of certain unsold units of three property projects in Shenzhen which are held for rental and/or self-use of the Group; (ii) not accepted routine applications for licences, permits, approvals, registrations and filings that are necessary during the different stages of development in respect of eight property projects in Shenzhen; (iii) suspended the processing of all planning-related and state-owned land-related applications and approval procedures relating to the Group's construction projects in Longgang District; and (iv) imposed restrictions on transfers, or pledges, relating to two projects of the Group, namely the Shenzhen Yantian Project and the Shenzhen Golden Bay Resort Hotel. The restrictions, suspensions and refusals to accept applications described in this paragraph are for convenience referred to together in the Explanatory Statement as the "Restrictions".

As a result of the Blockages and the Restrictions, a number of commercial banks across the PRC suspended the issuance of personal mortgage loans to purchasers of

substantially all of the Group's properties, significantly impacting the Company's ability to sell units.

From the initiation of the Blockages to the date of the Explanatory Statement, the Board has had no basis to determine definitively what underlying circumstances led to the imposition of the Blockages and the Restrictions.

Sales and Marketing

The Group's sales team in its sales and customer service division is responsible for executing its overall marketing strategy and sales and product promotion plans. As disclosed in the Explanatory Statement, the Group's sales and marketing model involves cooperation with Centaline. The Group cooperates with Centaline to jointly promote its products across different regional markets in the PRC. Through cooperating with Centaline, the Group believes that the Group is able to share Centaline's national and regional market research and information, sell and pre-sell its properties through Centaline's sales network in the PRC and promote its products with Centaline's professional assistance and resources. Centaline has the exclusive right to conduct sales in Hong Kong for the Company's projects in the PRC. Under these agreements, Centaline is generally entitled to a sales commission upon the execution of the relevant property purchase contract. The Group believes that the range of the sales commission the Group agrees to pay to Centaline is in line with industry practice. Centaline successfully procured individual purchasers in respect of 2 of the Group's completed projects and 4 of its projects for which the Group had commenced pre-sale as at 30 September 2015. Going forward, the Group will continue to improve the management of its sales through its sales team and the Group intends to continue to engage Centaline and other professional property sales agencies to carry out marketing and sales services for its property projects in the PRC.

The Group promotes its products through various media including newspapers, the Internet, television, radio and outdoor billboards. The Group also conducts advertising campaigns by means of direct mail, phone text messages, and project promotional materials. As part of its sales strategy, the Group conducts on-site promotion and display units to potential customers. In addition, the Group engages a professional advertising, marketing and public relations company to enhance awareness of its brand.

Delivery and After-Sales Services

The Group endeavours to deliver its products to its customers in a timely manner. The Group closely monitors the progress of construction of its property projects and conducts pre-delivery property inspections to ensure the quality of its properties

The Group's after-sales services are customer-oriented. The Group's objective is to ensure continued customer satisfaction. The Group's sales and customer service division is responsible for its after-sale services for each of its various projects.

Payment Arrangements

Purchasers of the Group's residential properties, including those purchasing pre-sale properties, may arrange mortgage loans with banks. The Group typically requires a purchaser to pay a non-refundable deposit of no less than RMB30,000 upon signing of a preliminary sale and purchase agreement.

In accordance with industry practice, the Group provides guarantees to banks with respect to the mortgage loans they offer to its purchasers. These guarantees are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of property ownership certificate for the mortgaged property and the completion of the registration of the mortgage. As of 31 December 2014 and 30 September 2015, the Group's outstanding guarantees over the mortgage loans of its customers amounted to RMB15,337.2 million and RMB15,179 million respectively. As stated above, if a purchaser defaults under the mortgage loan and the mortgagee bank calls on the Group's relevant guarantee after it deals with the relevant property through a default auction, the Group is required to repay the outstanding amount owed by the purchaser to the mortgagee bank under the mortgage loan, and the mortgagee bank will then assign its rights under the loan and the mortgage to the Group and the Group will have full recourse to the property.

Property Management

As at the time of the Explanatory Statement, the Group had seven property management companies which managed the properties developed by the Group. All these companies are the Company's indirect wholly-owned subsidiaries. In 2014 and the nine months ended 30 September 2015, the Group derived revenue from its property management services of RMB217.3 million and RMB173.1 million respectively. Under PRC laws and regulations, the owners' association of a residential community has the right to change property management companies pursuant to certain procedures. As at 30 September 2015, owners of all of the Group's property developments who had become statutorily entitled to choose their property management companies continued to choose the Group's property management companies to manage their properties.

Hotel Operation, Redevelopment and Development

As disclosed in the Explanatory Statement, the Group, through Leisure Land Hotel Management (China) Limited ("**Leisure Land**"), operated Golden Bay Resort, an ocean front hotel located on Jinshawan Beach within a resort area on the outskirts of Shenzhen.

Golden Bay Resort has a site area of 34,449 sq.m. and a total GFA of 41,700 sq.m. The Group intends to redevelop Golden Bay Resort to further enhance its attraction to individual and corporate customers and marketability. As disclosed in the Explanatory Statement, as at the date of 30 September 2015, the Group had commenced the redevelopment of this hotel.

Investment Properties

The Group develops commercial properties such as office buildings, retail stores and car parking spaces for leasing purposes. The Group believes these properties help to maintain recurring revenue. The Group commercial leases are generally for terms of three to four years. If there are anchor tenants renting relatively large areas at its commercial properties, or whose presence is expected to attract other tenants, the Group may consider offering them leases for terms of between 10 and 20 years, with annual rental reviews with reference to fixed percentage increases. Rents are typically determined based on prevailing market rates and calculated on a per square metre basis. The Group may choose to sell the commercial properties the Group has developed when it believes that sales would generate a better return on investment than rental. The Group intends to retain certain of its commercial properties for future development for long-term investment purposes. In managing its investment property

portfolio the Group will take into account estimated long-term growth potential, overall market conditions and its cashflows and financial condition. The rental income derived from the Group's investment properties represented approximately 1.7% and 6.2% of its revenue in 2014 and the nine months ended 30 September 2015 respectively.

Financing of the Group

1. Financing of the Offshore Operations

The Group had undertaken a number of offshore financing transactions since the initial public offering of its shares in December 2009. The following paragraphs explain the offshore financing arrangements at the time of the Explanatory Statement and immediately prior to the Restructuring.

As disclosed in the Explanatory Statement, the Group's then-current offshore financing arrangements consisted of the following arrangements. For avoidance of doubt certain of these arrangements, have moved or are in the process of being moved from offshore financing to onshore financing for reasons explained in the Explanatory Statement, these are denoted by (*) with further explanations in the relevant paragraphs. For avoidance of doubt, those arrangements which have been restructured as part of the Restructuring are denoted by (#). Please refer to "*Recent Developments*" for a discussion of the Group's offshore financing arrangements as of the date of this Information Memorandum:

- (i) the 2017 Notes#;
- (ii) the 2020 Notes#;
- (iii) the 2018 Notes#;
- (iv) the 2016 Notes#;
- (v) the 2019 Notes#;
- (vi) the Convertible Bonds#;
- (vii) the HSBC 2013 Loan#;
- (viii) the ICBC 2013 Loan#;
- (ix) the ICBC 2011 Loan*;
- (x) the 2013 ICBC Paris Loan*;
- (xi) the 2014 ICBC Paris Loan I*;
- (xii) the 2014 ICBC Paris Loan II ((xi), (xii) and (xiii) together the "ICBC Paris Loans")*;
- (xiii) the HSBC 2014 Loan#; and
- (xiv) the HSBC ISDA.

In addition, although not a financing arrangement as such, this section (for convenience) also summarizes the HSBC ISDA.

2. The 2017 Notes#

On 18 September 2012, the Company entered into the 2017 Indenture pursuant to which the Company issued the 2017 Notes. As at 30 September 2015, US\$250 million in principal amount of the 2017 Notes was outstanding.

The Company's obligations under the 2017 Notes were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable, under the 2017 Notes.

The 2017 Notes bore interest at 12.875% per annum, payable semi-annually in arrears.

Subject to certain conditions and exceptions, the 2017 Indenture contained certain covenants, restricting the Company and its Restricted Subsidiaries from, among other things:

- (a) incurring additional indebtedness and issuing preferred stock;
- (b) making investments or other restricted payments;
- (c) paying dividends or making other distributions;
- (d) repurchasing or redeeming capital stock;
- (e) guaranteeing indebtedness;
- (f) entering into certain transactions with affiliates;
- (g) creating liens;
- (h) entering into sale and leaseback transactions;
- (i) selling assets;
- (j) entering into agreements that restrict Restricted Subsidiaries' ability to pay dividends;
- (k) issue and sell capital stock of Restricted Subsidiaries;
- (l) effect a consolidation or merger; and
- (m) engaging in different business activities.

The 2017 Indenture contained certain customary events of default including, amongst others:

- (i) default in the payment of principal, or of any premium, on the 2017 Notes when such payments become due; and

(ii) default in payment of interest which continues for a period of 30 days.

If an event of default occurred and was continuing, the Existing Notes Trustee or the holders of at least 25% of the outstanding 2017 Notes could have declared the principal of the 2017 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Upon the occurrence of certain change of control events and a rating decline, the Company was obligated to make an offer to repurchase all outstanding 2017 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

The maturity date of the 2017 Notes was 18 September 2017.

At any time on or after 18 September 2015, the Company could have redeemed the 2017 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12 month period commencing on 18 September of any year set forth below:

Period	Redemption Price
2015	106.438%
2016	103.219%

At any time prior to 18 September 2015, the Company could have redeemed all or any portion of the 2017 Notes at a redemption price equal to 100% of the principal amount of the 2017 Notes, plus a premium as of, and any accrued and unpaid interest to, the redemption date.

At any time prior to 18 September 2015, the Company could have redeemed up to 35% of the aggregate principal amount of the 2017 Notes at a redemption price equal to 112.875% of the principal amount of the 2017 Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if the Company or a Subsidiary Guarantor under the 2017 Indenture became obligated to pay certain additional amounts as a result of certain changes in specified tax law, the Group could have redeemed the 2017 Notes at a redemption price equal to 100% of the principal amount of the 2017 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

On 18 September 2012, the Existing Notes Trustee executed a supplement to the Existing Intercreditor Agreement dated 20 December 2010 to become a secured party under the Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who were parties to the Existing Intercreditor Agreement.

3. The 2020 Notes#

On 8 January 2013, the Company entered into the 2020 Indenture, pursuant to which the Company issued the 2020 Notes. As of the date of 30 September 2015, US\$500 million in principal amount of the 2020 Notes was outstanding.

The Company's obligations under the 2020 Notes were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2020 Notes.

The 2020 Notes bore interest at 10.25% per annum, payable semi-annually in arrears.

The 2020 Indenture contained substantially similar restrictive covenants as the 2017 Indenture. The 2020 Indenture defined substantially similar events of default as the 2017 Indenture.

If an event of default occurred and was continuing, the Existing Notes Trustee or the holders of at least 25% of the outstanding 2020 Notes could have declared the principal of the 2020 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Upon the occurrence of certain change of control events and a rating decline, the Company was obligated to make an offer to repurchase all outstanding 2020 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

The maturity date of the 2020 Notes was 8 January 2020.

At any time on or after 8 January 2017, the Company could have redeemed the 2020 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on 8 January of any year set forth below:

Period	Redemption Price
2017	105.1250%
2018	102.5625%
2019	100%

At any time prior to 8 January 2017, the Company could have redeemed all or any portion of the 2020 Notes at a redemption price equal to 100% of the principal amount of the 2020 Notes, plus a premium as of, and any accrued and unpaid interest to, the redemption date.

At any time prior to 8 January 2016, the Company could have redeemed up to 35% of the aggregate principal amount of the 2020 Notes at a redemption price equal to 110.25% of the principal amount of the 2020 Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if the Company or a Subsidiary Guarantor under the 2020 Indenture became obligated to pay certain additional amounts as a result of certain changes in specified tax law, the Group could have redeemed the 2020 Notes at a redemption price equal to 100% of the principal amount of the 2020 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

On 8 January 2013, the Existing Notes Trustee executed a supplement to the Existing Intercreditor Agreement dated 20 December 2010 to become a secured party under the Existing Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who were parties to the Existing Intercreditor Agreement.

The Company did not make a scheduled interest payment of US\$23 million on the 2020 Notes which was due 8 January 2015 but made the interest payment prior to 7 February 2015. Under the terms of the 2020 Notes, since the Company made such interest payment within 30 days after the original due date, no event of default occurred.

4. The 2018 Notes#

On 19 March 2013, the Company entered into the 2018 Indenture pursuant to which the Company issued the 2018 Notes. The Company issued additional 2018 Notes on 13 January 2014. As of the date of 30 September 2015, US\$800 million in principal amount of the 2018 Notes was outstanding.

The Company's obligations under the 2018 Notes were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2018 Notes.

The 2018 Notes bore interest at 8.875% per annum, payable semi-annually in arrears.

The 2018 Indenture contained substantially similar restrictive covenants as the 2017 Indenture. The 2018 Indenture defines substantially similar events of default as the 2017 Indenture.

If an event of default occurred and was continuing, the Existing Notes Trustee or the holders of at least 25% of the outstanding 2018 Notes could have declared the principal of the 2018 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Upon the occurrence of certain change of control events and a rating decline, the Company was obligated to make an offer to repurchase all outstanding 2018 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

The maturity date of the 2018 Notes was 19 March 2018.

At any time on or after 19 March 2016 the Company could have redeemed the 2018 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on 19 March of any year set forth below:

Period	Redemption Price
2016	104.4375%
2017	102.2188%

At any time prior to 19 March 2016, the Company could have redeemed all or any portion of the 2018 Notes at a redemption price equal to 100% of the principal amount of the 2018 Notes, plus a premium as of, and any accrued and unpaid interest to, the redemption date.

At any time prior to 19 March 2016, the Company could have redeemed up to 35% of the aggregate principal amount of the 2018 Notes at a redemption price equal to 108.875% of the principal amount of the 2018 Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if the Company or a Subsidiary Guarantor under the 2018 Indenture became obligated to pay certain additional amounts as a result of certain changes in specified tax law, the Company could have redeemed the 2018 Notes at a redemption price equal to 100% of the principal amount of the 2018 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

On 19 March 2013, the Existing Notes Trustee executed a supplement to the Existing Intercreditor Agreement dated 20 December 2010 to become a secured party under the Existing Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who were parties to the Existing Intercreditor Agreement.

5. The 2016 Notes#

On 22 April 2013, the Company entered into the 2016 Indenture pursuant to which the Group issued the RMB-denominated 2016 Notes. As of the date of 30 September 2015, RMB1.8 billion (equivalent to approximately US\$283 million) in principal amount of the 2016 Notes was outstanding.

The Company's obligations under the 2016 Notes were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2016 Notes.

The 2016 Notes bore interest at 6.875% per annum, payable semi-annually in arrears.

The 2016 Indenture contained substantially similar restrictive covenants as the 2017 Indenture. The 2016 Indenture defines substantially similar events of default as the 2017 Indenture.

If an event of default occurred and was continuing, the Existing Notes Trustee or the holders of at least 25% of the outstanding 2016 Notes could have declared the principal of the 2016 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Upon the occurrence of certain change of control events, the Company was obligated to make an offer to repurchase all outstanding 2016 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest. Unlike the 2017 Notes, the 2020 Notes, the 2018 Notes or the 2019 Notes, this obligation to offer to repurchase under the 2016 Notes was not predicated upon a rating decline.

The maturity date of the 2016 Notes was 22 April 2016.

At any time, the Company could have redeemed the 2016 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2016 Notes, plus a premium as of, and any accrued and unpaid interest to, the redemption date.

Additionally, if the Company or a Subsidiary Guarantor under the 2016 Indenture became obligated to pay certain additional amounts as a result of certain changes in specified tax law, the Company could have redeemed the 2016 Notes at a redemption price equal to 100% of the principal amount of the 2016 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

On 22 April 2013, the Existing Notes Trustee executed a supplement to the Existing Intercreditor Agreement dated 20 December 2010 to become a secured party under the Existing Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who are parties to the Existing Intercreditor Agreement.

By a facility letter dated 11 April 2013, the Group entered into the 2002 ISDA Master Agreement with HSBC, as the swap counterparty, to manage its foreign exchange rate risk arising from the issuance of the RMB-denominated 2016 Notes. For further details of the term swap please see “15 HSBC ISDA” below.

6. The 2019 Notes#

On 6 June 2014, the Company entered into the 2019 Indenture pursuant to which the Company issued the 2019 Notes. As of the date of 30 September 2015, US\$400 million in principal amount of the 2019 Notes was outstanding.

The Company’s obligations under the 2019 Notes were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2019 Notes.

The 2019 Notes bore interest at 9% per annum, payable semi-annually in arrears.

The 2019 Indenture contained substantially similar restrictive covenants as the 2017 Indenture. The 2019 Indenture defines substantially similar events of default as the 2017 Indenture.

If an event of default occurs and is continuing, the Existing Notes Trustee or the holders of at least 25% of the outstanding 2019 Notes could have declared the principal of the 2019 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Upon the occurrence of a certain event of change of control and a rating decline, the Company was obligated to make an offer to repurchase all outstanding 2019 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

The maturity date of the 2019 Notes was 6 June 2019.

At any time on or after 6 June 2017 the Company could have redeemed the 2019 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period commencing on June 6 of any year set forth below:

Period	Redemption Price
2017	104.5%
2018	102.25%

At any time prior to 6 June 2017, the Company could have redeemed the 2019 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes, plus a premium as of, and any accrued and unpaid interest to, the redemption date.

At any time prior to 6 June 2017, the Company could have redeemed up to 35% of the aggregate principal amount of the 2019 Notes at a redemption price equal to 109% of the principal amount of the 2019 Notes, plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if the Company or a Subsidiary Guarantor under the 2019 Indenture would have become obligated to pay certain additional amounts as a result of certain changes in specified tax law, the Company could have redeemed the 2019 Notes at a redemption price equal to 100% of the principal amount of the 2019 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

On 6 June 2014, the Existing Notes Trustee executed a supplement to the Existing Intercreditor Agreement dated 20 December 2010 to become a secured party under the Existing Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who are parties to the Existing Intercreditor Agreement.

7. Convertible Bonds#

On 20 December 2010, the Company entered into the Trust Deed pursuant to which the Company issued an aggregate principal amount of RMB1,500 million 8% Convertible Bonds due 2015. As of the date of the Explanatory Statement, the outstanding principal amount of the Convertible Bonds was US\$231.6 million, being the aggregate face value of the Convertible Bonds that fell due upon their maturity on 20 December 2015, the RMB-denominated amount having been converted to US\$ on 17 December 2015 in accordance with the terms of the Trust Deed.

The obligations pursuant to the Convertible Bonds were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of all sums payable under the Convertible Bonds.

The Company's obligations under the Trust Deed constituting the Convertible Bonds were secured by the Collateral. In addition, the Company and each Subsidiary Guarantor Pledgor under the Trust Deed may, subject to certain conditions, incur additional indebtedness provided that such indebtedness would be on a *pari passu* basis with the Convertible Bonds and the related subsidiary guarantees, and other *pari passu* secured indebtedness permitted under the Trust Deed.

The Convertible Bonds bore an interest rate of 8% per annum, payable semi-annually in arrears.

The Company agreed, among other things, that neither its Subsidiaries nor it will create or agree to create or permit to arise or subsist any encumbrance on its present or future undertaking, properties, assets, rights or revenues (save for certain exceptions or permitted cases).

The Trust Deed contained certain customary events of default, including, among others, default in the payment of principal or interest on the Convertible Bonds, when such payments become due.

If an event of default occurred, the trustee under the Trust Deed could have at its sole discretion, and if so requested in writing by the CB Holders of not less than 25% of the outstanding Convertible Bonds, or if so directed by an extraordinary resolution, may declare the principal of the Convertible Bonds plus any accrued and unpaid interest to be immediately due and payable.

The maturity date of the Convertible Bonds was 20 December 2015.

If the Company or a Subsidiary Guarantor under the Trust Deed became obligated to pay certain additional amounts as a result of certain changes in specified tax law, the Company could have redeemed the Convertible Bonds, in whole but not in part, at their principal amount, plus any accrued and unpaid interest to the date of redemption, subject to certain exceptions.

At any time after 20 December 2013 and prior to the maturity date, the Company could have redeemed, in whole but not in part, the Convertible Bonds at their principal amount, together with any accrued but unpaid interest to the date of redemption, if the closing price of its shares translated into RMB at the prevailing rate applicable to the relevant trading day for 20 out of 30 consecutive trading days prior to the date upon which notice of such redemption is published, was at least 130% of the then conversion price translated into RMB at the fixed exchange rate of RMB1.00 to HK\$1.16560.

At any time prior to the maturity date, the Company could have redeemed, in whole but not in part, the outstanding Convertible Bonds at their principal amount, together with any accrued but unpaid interest to the date of redemption, if at any time at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Following the occurrence of a delisting of its shares or their suspension for trading for 30 or more consecutive trading days on the SEHK or an alternative stock exchange, or a change of control event, the CB Holder of each Convertible Bond would have had the right at such CB Holder's option, to require the Company to redeem all, but not some only, of such

CB Holder's Bonds at their principal amount, together with any accrued but unpaid interest to the date of redemption.

Each CB Holder would have had the right at such CB Holder's option, to require the Company to redeem all or some of such CB Holder's Bonds on 20 December 2013 at their principal amount, together with interests accrued to such date.

The Convertible Bonds were, at the option of the CB Holders, convertible, on or after 30 January 2011 up to the close of business on the tenth day prior to the maturity date, (or if such Convertible bond had been called for redemption by the Company before the maturity date, then up to the close of business on a date no later than 10 days prior to the date fixed for redemption, or if notice requiring redemption has been given by such CB Holder, then up to the close of business on the day prior to the giving of such notice) into its fully paid ordinary shares with a par value of HK\$0.10 each at an initial conversion price of HK\$2.82 per share with a fixed exchange rate of RMB1.00 to HK\$1.16560. The conversion price was subject to adjustment for, among other things, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, distributions, rights issues and other dilutive events as described in the Trust Deed and the terms and conditions relating to the Convertible Bonds. In or about August 2013, RMB200,000 of principal was converted.

On 20 December 2010, the Company, the Subsidiary Guarantor Pledgors, the Common Security Trustee and the CB Trustee entered into the Existing Intercreditor Agreement. The agreement provided that the security interests created by the Collateral will be shared on a *pari passu* basis among the CB Holders and any holder of permitted *pari passu* secured indebtedness or their agent or trustee who become parties to the Existing Intercreditor Agreement.

8. HSBC 2013 Loan#

On 2 August 2013, the Company entered into a facility agreement in connection with a HK\$400 million term loan facility with HSBC as the lender. The proceeds of the facility were to be used for general corporate purposes. On 9 August 2013, the Company drew down the entire amount under the HSBC 2013 Loan. As of the date of 30 September 2015, HK\$360 million in principal amount was outstanding under the HSBC 2013 Loan.

The HSBC 2013 Loan bore interest at the rate of 4.63% per annum over the Hong Kong Interbank Offered Rate (the "**HIBOR**"), payable quarterly from the first drawdown date. Any amount outstanding under the HSBC 2013 Loan which was unpaid on the due date would bear interest at 3% per annum over the applicable interest rate.

The HSBC 2013 Loan had a final maturity date of three years from the first drawdown date and is repayable in six semi-annual instalments and in the amounts as follows: (i) on the date falling six months from the first drawdown date, 5% of the principal amount of loan outstanding on 2 February 2014; (ii) on the date falling 12 months from the first drawdown date, 5% of the principal amount of loan outstanding on 2 February 2014; (iii) on the date falling 18 months from the first drawdown date, 10% of the principal amount of loan outstanding on 2 February 2014; (iv) on the date falling 24 months from the first drawdown date, 15% of the principal amount of loan outstanding on 2 February 2014; (v) on the date falling 30 months from the first drawdown date, 20% of the principal amount of loan outstanding on 2 February 2014; and (vi) on the date falling 36 months from the first drawdown date, 45% of the principal amount of loan outstanding on 2 February 2014. The

Group could have, by giving not less than ten business days' prior notice, prepaid on any interest payment date the whole or any part of the loan subject to payment of a prepayment charge calculated at 1% flat on the amount prepaid.

The Company's obligations under the HSBC 2013 Loan were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the HSBC 2013 Loan.

The HSBC 2013 Loan contained the following financial covenants restricting the Group:

- the consolidated tangible net worth shall not at any time be less than RMB11,000,000,000;
- the ratio of consolidated net debt to consolidated tangible net worth shall not at any time be more than 1:1;
- the ratio of consolidated EBITDA of a relevant period to the consolidated finance charges of that relevant period shall not at any time be less than 1.5:1;
- the ratio of consolidated current assets to consolidated current liabilities shall not at any time be less than 1.2:1;
- the ratio of consolidated PRC borrowings to the consolidated total assets shall not at any time be more than 0.5:1; and
- the ratio of the dividend payout of a relevant period to the consolidated net profit after tax of that relevant period shall not at any time be more than 0.4:1

The Company had further agreed, among other things, that it will not create or allow to exist any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect on any of its assets, unless such security interest is a permitted security interest as defined in the facility agreement, including security interest the benefit of which is extended equally and rateably to the lender under the HSBC 2013 Loan.

The HSBC 2013 Loan contained certain customary events of default including insolvency and breaches of the terms of the HSBC 2013 Loan.

The lender was entitled to terminate all or any part of the total commitment and/or declare that all or part of any amounts outstanding are immediately due and payable and/or payable on demand by the lender.

On 5 August 2013, HSBC as the lender of the HSBC 2013 Loan executed a supplement to the Existing Intercreditor Agreement to become a secured party under the Existing Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who are parties to the Existing Intercreditor Agreement.

On 1 January 2015, the Group announced that it had received a notice from HSBC, stating that the resignation of Chairman Kwok had triggered the mandatory prepayment provision under the HSBC 2013 Loan and demanding immediate repayment of all the loans together with the accrued interest thereon under the HSBC 2013 Loan on 31 December 2014,

being the effective date of Chairman Kwok's resignation. The Group had not made the payment as requested.

On 7 January 2015, the Group received a notice from HSBC to waive the breach of the HSBC 2013 Loan in respect of the resignation of Chairman Kwok as the Group's chairman, in order to allow it to formulate viable repayment proposals and related options. Accordingly, the Group was no longer required to immediately repay amounts outstanding pursuant to the terms of the HSBC 2013 Loan.

On 16 February 2015, the Group received a letter from HSBC asserting that an event of default under the HSBC 2013 Loan had occurred due to its failure to make payment of a repayment instalment in the amount of HK\$40 million on its due date and therefore demanding immediate payment of the loan and accrued interest thereon due then amounting to approximately HK\$364.8 million in aggregate.

9. ICBC 2013 Loan#

On 2 September 2013, the Company entered into a facility agreement in connection with a HK\$250 million term loan facility with the Industrial and Commercial Bank of China (Asia) Limited ("ICBC") as the lender. The proceeds of the facility were to be used for general corporate purposes. On 5 September 2013, the Company drew down the entire amount under the ICBC 2013 Loan. As of the date of 30 September 2015, HK\$155 million in principal amount was outstanding under the ICBC 2013 Loan.

The ICBC 2013 Loan bore interest at the rate of 4.5% per annum over HIBOR, payable quarterly from the first drawdown date. Any amount outstanding under the ICBC 2013 Loan which is unpaid on the due date would bear interest at 3% per annum over the applicable interest rate.

The ICBC 2013 Loan had a final maturity date of 31 December 2016 and was repayable in five semi-annual instalments and in the amounts as follows: (i) on the date falling 18 months from the first drawdown date, 15% of the principal amount of loan outstanding on 2 March 2014; (ii) on the date falling 24 months from the first drawdown date, 15% of the principal amount of loan outstanding on 2 March 2014; (iii) on the date falling 30 months from the first drawdown date, 15% of the principal amount of loan outstanding on 2 March 2014; (iv) on the date falling 36 months from the first drawdown date, 20% of the principal amount of loan outstanding on 2 April 2014; and (v) on the final maturity date, 35% of the principal amount of loan outstanding on 2 April 2014. The Group could have, by giving not less than three days' prior notice, prepay on any interest payment date the whole or any part of the loan subject to payment of a prepayment charge calculated at 0.25% flat on the amount prepaid.

The Company's obligations under the ICBC 2013 Loan were guaranteed by the Subsidiary Guarantors. Each of the Subsidiary Guarantors, jointly and severally, guaranteed the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the ICBC 2013 Loan.

Pursuant to the ICBC 2013 Loan, the Company had agreed to the financial covenant that the ratio of consolidated net debt to consolidated tangible net worth shall not at any time be more than 1.1:1.

The Company had further agreed, among other things, that it will not create or allow to exist any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect on any of its assets, unless such security interest was permitted under the ICBC 2013 Loan, including security interest the benefit of which is extended equally and rateably to the lender under the ICBC 2013 Loan.

The ICBC 2013 Loan contained certain customary events of default, including insolvency and breaches of the terms of the ICBC 2013 Loan.

The lender was entitled to terminate all or any part of the total commitment and/or declare that all or part of any amounts outstanding are immediately due and payable and/or payable on demand by the lender.

On 3 September 2013, ICBC as the lender of the ICBC 2013 Loan executed a supplement to the Existing Intercreditor Agreement dated 20 December 2010 to become a secured party under the Existing Intercreditor Agreement and to share the Collateral on a *pari passu* basis with other holders of permitted *pari passu* secured indebtedness or their agent or trustee who are parties to the Existing Intercreditor Agreement.

10. ICBC 2011 Loan*

On 2 March 2011, the Company, as guarantor, and Hong Kong Kaisa Industry Co., Limited (“**HK Kaisa Industry**”), the Company’s wholly owned subsidiary incorporated in Hong Kong, as borrower, signed a facility letter with ICBC. The loan facility was a U.S. dollar-denominated term loan facility with an aggregate principal amount of up to US\$59.5 million (“**ICBC 2011 Loan**”). As of the date of the Explanatory Statement, the entire outstanding principal amount was outstanding under this facility (equivalent to RMB378.50 million), but had been restructured onshore (further details below).

The ICBC 2011 Loan had a final maturity date of five years, or one month prior to the expiry date of the standby letter of credit issued by ICBC Shenzhen. The Group may prepay on any interest payment date subject to payment of a prepayment charge calculated at 1% flat on the amount prepaid times the number of remaining years of the loan life (rounding up to one year if the remaining loan life is less than one year).

The ICBC 2011 Loan was secured by a standby letter of credit issued by Industrial and Commercial Bank of China, Shenzhen Dong Branch (“**ICBC Shenzhen**”), for an amount of not less than US\$60 million, and a corporate guarantee from the Company for the amount of US\$60 million.

The ICBC 2011 Loan bore interest at the rate of 3.2% per annum over LIBOR. Any amount outstanding under the ICBC 2011 Loan which is unpaid on the due date or exceeds the permitted facility amount would bear interest at ICBC’s prevailing overdue or over limit interest rate.

Pursuant to the general terms and conditions to the ICBC 2011 Loan, the following events (amongst others) are events of default:

- (i) any events or circumstances that in ICBC’s view may result in a material adverse change in the business or financial condition of the borrower or if the

borrower is unable to perform its obligations under this agreement or any other agreement with ICBC would constitute an event of default;

- (ii) default of any agreement or instrument evidencing or securing the borrower's other indebtedness or any such indebtedness becomes payable or capable of being declared payable before its stated maturity and is not paid when due;
- (iii) In view of the onshore financing between ICBC entities in the PRC (collectively one of the top 10 onshore creditors) and certain Group subsidiaries in the PRC, and the letter of credit issued by ICBC Shenzhen, in 2015 an agreement was reached between ICBC Shenzhen, the Company and the following subsidiaries of the Group: Baoji Crafts (Shenzhen) Co., Ltd., Shanghai Xinwan Investment Development Co., Ltd., Hong Kong Kaisa Industry Co., Limited, and Wan Jin Chang, to restructure various loans between ICBC, and other ICBC entities and the Group (the "ICBC Onshore Restructuring Framework Agreement"); and
- (iv) The ICBC Onshore Restructuring Framework Agreement sets out, amongst other things, that Kaisa Commerce Group Co., Ltd (佳兆业商业集团有限公司) ("Kaisa Commerce"), a wholly owned PRC incorporated subsidiary of the Group, has agreed to act as borrower in respect of funds from ICBC Shenzhen for the exclusive use by the Group to repay the ICBC 2011 Loan and the ICBC Paris Loans. The loan to Kaisa Commerce has the benefit of guaranteed by the Company and certain PRC subsidiaries of the Group.

As at the date of the Explanatory Statement, the above onshore restructuring process has commenced, and the ICBC 2011 Loan has been settled.

ICBC Paris Loans

11. ICBC Paris 2013 Loan

On 28 October 2013, the Company, as guarantor, and Wan Jin Chang Investment Company Limited ("**Wan Jin Chang**"), the Group's wholly owned subsidiary incorporated in Hong Kong, as borrower, signed a facility letter with the Industrial and Commercial Bank of China, Paris Branch ("**ICBC Paris**"). The loan facility is a U.S. dollar-denominated term loan facility with an aggregate principal amount of up to US\$40million.

The ICBC Paris 2013 Loan has a final maturity date of 35 months. The Group may prepay all or part of the loan by giving 20 banking days prior written notice and with the consent from ICBC Paris.

The ICBC Paris 2013 Loan is secured by both a standby letter of credit issued by ICBC Shenzhen and a corporate guarantee from the Group, each for all outstanding amounts under the ICBC Paris 2013 Loan.

The ICBC Paris 2013 Loan bears interest, payable quarterly, at the rate of 2.7% per annum over LIBOR. Any amount outstanding under the ICBC Paris 2013 Loan which is unpaid on the due date or exceeds the permitted facility amount will bear interest at 20% per annum over the applicable interest rate.

Pursuant to the general terms and conditions of the ICBC Paris 2013 Loan, cross default would be triggered if other debt of the borrower fails to be repaid after maturity or it breaches other obligations or documents relating to any other debt, security or its other obligations, which has affected or may affect the borrower's ability to perform its obligations.

12. ICBC Paris 2014 Loan I

On 30 April 2014, the Group, as guarantor, and Wan Jin Chang, as borrower, signed a facility letter with ICBC Paris. The loan facility is a U.S. dollar-denominated term loan facility with an aggregate principal amount of up to US\$35million ("**ICBC Paris 2014 Loan I**"). On 5 May 2014, the Group drew down the entire principal amount. The ICBC Paris 2014 Loan I has a final maturity date of 11 months from the date of drawdown, extendible by giving prior written notice and with the consent of ICBC Paris. The Group may prepay all or part of the ICBC Paris 2014 Loan I by giving 20 banking days prior written notice and with the consent from ICBC Paris.

The ICBC Paris 2014 Loan I is secured by both a standby letter of credit issued by ICBC Shenzhen and a corporate guarantee from the Group, each for all outstanding amounts under the ICBC Paris 2014 Loan I.

The ICBC Paris 2014 Loan I bears interest, payable quarterly, at the rate of 3.3% per annum over three-month LIBOR. Any amount outstanding under the ICBC Paris 2014 Loan I which is unpaid on the due date will bear interest at 20% per annum over the original interest rate.

Pursuant to the general terms and conditions of the ICBC Paris 2014 Loan I, cross default would be triggered if other debt of the borrower fails to be repaid after maturity or it breaches other obligations or document relating to any other debt, security or its other obligations, which has affected or may affect the borrower's ability to perform its obligations.

13. ICBC Paris 2014 Loan II

On 30 April 2014, the Group, as guarantor, and Wan Jin Chang, as borrower, signed a facility letter with ICBC Paris. The loan facility is a U.S. dollar-denominated term loan facility with an aggregate principal amount of up to US\$25million ("**ICBC Paris 2014 Loan II**"). On 5 May 2014, the Group drew down the entire principal amount under this facility. The ICBC Paris 2014 Loan II has a final maturity date of 11 months from the date of drawdown, extendible by giving prior written notice and with the consent from ICBC Paris. The Group may prepay all or part of the loan by giving 20 banking days prior written notice and with the consent from ICBC Paris.

The ICBC Paris 2014 Loan II is secured by both a standby letter of credit issued by ICBC Shenzhen and a corporate guarantee from the Company, each for all outstanding amounts under the ICBC Paris 2014 Loan II.

The ICBC Paris 2014 Loan II bears interest, payable quarterly, at the rate of 3.2% per annum over three-month LIBOR. Any amount outstanding under the ICBC Paris 2014 Loan II which is unpaid on the due date will bear interest at 20% per annum over the original interest rate.

Pursuant to the general terms and conditions to the facility agreement, cross default would be triggered if other debt of the borrower fails to be repaid after maturity or it breaches other obligations or documents relating to any other debt, security or its other obligations, which has affected or may affect the borrower's ability to perform its obligations.

The ICBC Paris Loans have the benefit of a standby letter of credit issued by the Shenzhen branch of ICBC. For the same reasons as stated in paragraph(v) the ICBC Paris Loans will be restructured onshore under the ICBC Onshore Restructuring Framework Agreement, the material terms of which are discussed at paragraph (vi) above. As at the date of the Explanatory Statement, the process of restructuring the ICBC Paris Loans had commenced and the outstanding balance was approximately US\$33.2 million, which was expected to be restructured as part of the onshore restructuring.

14. HSBC 2014 Loan#

On 26 May 2014, the Group signed a facility letter with HSBC in relation to a Hong Kong dollar-denominated term loan facility comprising two loans: (i) an aggregate principal amount of up to HK\$350 million, which would be secured by a standby documentary credit issued by HSBC Bank (China) Company Limited for the whole principal amount under, and (ii) an aggregate principal amount of up to HK\$400 million. As of the date of 30 September 2015, the Group had only drawn down the entire principal amount of the second part of the loan, with an aggregate principal amount of up to HK\$400 million (which was initially drawn down in HKD but was converted into RMB by agreement between HSBC and the Company on or about 11 August 2014), pursuant to which the principal sum of approximately RMB317.2 million remained outstanding as at the time of the Explanatory Statement.

The HSBC 2014 Loan had a term of one year, which could be rolled-over by giving 24-hour advance notice to HSBC. The HSBC 2014 Loan may be prepaid by serving advance notice in writing to the bank and with the bank's prior approval in writing.

The HSBC 2014 Loan was unsecured.

The HSBC 2014 Loan bore interest, payable either, every month, two months or three months, at the rate of 1.15% and 2.35%, respectively, per annum over the relevant HIBOR.

Pursuant to the general terms and conditions to the HSBC 2014 Loan, cross default would be triggered if other debt of the borrower fails to be repaid after maturity or the borrower breaches other obligations or documents relating to any other debt, security or its other obligations, which has affected or may affect the borrower's ability to perform its obligations.

Its consolidated tangible net worth shall not at any time be less than RMB11,000,000,000:

- (i) the ratio of consolidated net debt to consolidated tangible net worth shall not at any time be more than 1:1;
- (ii) the ratio of consolidated EBITDA of a relevant period to the consolidated finance charges of that relevant period shall not at any time be less than 1.5:1;
- (iii) the ratio of consolidated current assets to consolidated current liabilities shall not at any time be less than 1.2:1;

- (iv) the ratio of consolidated PRC borrowings to the consolidated total assets shall not at any time be more than 0.5:1; and
- (v) the ratio of the dividend payout of a relevant period to the consolidated net profit after tax of that relevant period shall not at any time be more than 0.4:1.

15. HSBC ISDA#

To manage the Company's foreign exchange rate risk arising from the issuance of the RMB-denominated 2016 Notes, on 11 April 2013 HSBC and the Company, as the swap counterparty, entered into the 2002 ISDA Master Agreement (inclusive of its Schedules and Confirmations (all as amended and supplemented from time to time) and related documents (collectively the "**HSBC ISDA**") and on 15 April 2013 the Company and HSBC entered into a facility letter. The 15 April 2013 facility letter entered into between the Company and HSBC was governed by Hong Kong law, the 2002 ISDA Master Agreement was governed by English law. In the event of conflict between the terms of the facility letter dated 15 April 2013 and the HSBC ISDA, the terms of the HSBC ISDA prevailed except in respect of any provisions in the facility letter which are expressed to be additional to or in replacement for any relevant provisions in the HSBC ISDA.

The HSBC ISDA was confirmed by letter dated 19 April 2013, and extended by letter dated 22 August 2014, for the period from 27 August 2014 to 27 February 2015.

On 17 February 2015, the Group received a letter from HSBC notifying that a payment default under the 2013 HSBC Facility had triggered an event of default under the HSBC ISDA and on 2 March 2015, HSBC sent a further letter notifying the Company that an early termination date of 2 March 2015 was designated in respect of all outstanding transactions under the HSBC ISDA.

As at 3 March 2015, HSBC determined that the early termination amount outstanding together with interest pursuant to the 2002 ISDA Master Agreement was approximately US\$12.47 million in respect of the termination of the HSBC ISDA.

16. Financing of the Onshore Entities

Certain of the onshore entities are indebted to onshore lenders in an amount of approximately RMB48.67 billion in respect of financing obtained from onshore financial institutions as at 30 September 2015 ("**Onshore Loans**"). All of the Onshore Loans are governed by the laws of the PRC and are subject to the onshore restructuring. As at 30 September 2015, the Onshore Loans comprise 84 loans.

Certain of the Group's PRC subsidiaries have entered into loan agreements with various PRC banks, primarily Bank of China, Ping An Bank, China Bohai Bank, China Construction Bank, Shanghai Pudong Development Bank, Industrial and Commercial Bank of China, Industrial Bank, China CITIC Bank, China Everbright Bank and Bank of East Asia. These Onshore Loans typically are project loans to finance the construction of the Group's projects (the "**project loans**") and with a term of one to three years, which generally correspond to the construction periods of the particular projects.

As at the date of the Explanatory Statement, the principal amounts outstanding under the project loans generally bore interest at floating rates calculated by reference to the

relevant bank's benchmark interest rate per annum. Floating interest rates generally are subject to review by the banks annually. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Certain of the Group's PRC subsidiaries and associates have entered into guarantee or security agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries and associates have guaranteed or pledged certain of their properties and land use rights to secure the obligations of the Group subsidiaries which have borrowed Onshore Loans.

The table below provides a list of onshore lenders and summarises the approximate aggregate outstanding amounts owed to these onshore lenders as at 30 September 2015:

Lender	Amount Outstanding as at 30 September 2015 RMB million
Bank of China	11,774
Ping An Bank	5,150
Bohai Bank	4,200
Cinda Asset Management	3,456
Ping An Trust	3,510
Sino Life (<i>Note</i>)	2,877
China Foreign Economy and Trade Trust Co., Ltd	1,900
China Construction Bank	2,021
Shanghai Pudong Development Bank	1,500
Industrial Bank	1,204
ICBC	1,369
PAG	1,200
Huaneng Trust	25
China Resources Trust	1,000
China Minsheng Bank	1,000
CITIC Bank	950
China Everbright Bank	749
Shanghai AJC Trust	699
China Fortune International Trust	500
Bank of Communications International Trust	400
Bank of Jiangsu	400
Hwabao Trust	380
Bank of Communications	300
China Credit Trust	300
Bank of East Asia	278

Hua Xing Bank	280
China Merchant Bank	208
Agricultural Bank of China	200
Ningbo Bank	198
Bank of Beijing	200
Zhongrong International Trust	182
Zheshang Bank	130
Huaxia Bank	129
Total amount	48,669 i.e. approximately RMB48.67 billion

Note: Sino Life is a substantial shareholder of the Company, for details of related party transactions please see the Explanatory Statement at paragraph 11.10 “Related party transactions and corporate governance changes”

As reiterated, the Group’s onshore liabilities did not form part of the Schemes. However, as at 31 December 2014, the Group’s onshore liabilities amounted to approximately RMB48.1 billion, and as at 20 March 2016, approximately 90% of such liabilities had been settled or resolved in the following manner: (i) creditors having entered into respective definitive agreements with the Group’s subsidiaries for the purpose of restructuring; and (ii) the liabilities being continued to be governed by their respective existing agreements (which did not require restructuring).

Asset and liability position

As noted in the Explanatory Statement, the Company’s finance team, led by the Sunac Representative, provided information to Mr Sun that led to the Profit Warning disclosed in the 16 February 2015 Announcement. The Company and its current finance team had made adjustments to the 2014 Management Accounts based on comments of the Auditor. Although the Auditor had conducted certain work with respect to the 2014 Management Accounts, it has not finalised those procedures nor given any opinion on the 2014 Management Accounts.

As discussed in paragraph 1.6 of the Explanatory Statement, given the ongoing investigations and examinations of the Independent Committee and FTI, the substantial turnover of staff in the Company’s accounting and finance team, and the present inability of the Auditor to complete the audit of the 2014 Management Accounts, neither the Company nor the Board represents or warrants that the Unaudited Management Accounts accurately reflect, or give a true and fair view of, the financial position and financial performance of the Group as at and for the year ended on 31 December 2014 or the nine months ended 30 September 2015. The Company and Board, furthermore, do not represent or warrant that the Unaudited Management Accounts have been prepared in accordance with the current HKFRS, IFRS or generally accepted accounting principles in any jurisdiction, nor that they comply with the disclosure requirements of the Hong Kong Companies Ordinance. The Board expects that there may be significant adjustments to the Unaudited Management Accounts, and therefore neither the Company nor the Board can represent or warrant that the Unaudited Management Accounts are free from material misstatement.

An overview of the Group’s asset and liability position based on the September 2015 Management Accounts is summarised below.

Assets

The September 2015 Management Accounts state that the Group's total current assets, were RMB 104,003 million (equivalent to approximately US\$16 billion) and total non-current assets were RMB 13,020 million (equivalent to approximately US\$2.0 billion).

Liabilities

The September 2015 Management Accounts state that the Group's total current liabilities were approximately RMB 96,828 million (equivalent to approximately US\$14.9 billion) and total non-current liabilities were approximately RMB 10,272 million (equivalent to approximately US\$1.6 billion).

See the Explanatory Statement for more details.

Management

As at the date of the Explanatory Statement, the management, which comprised the Group's executive team, responsible for the day to day management of the Group, was as follows:

Name	Position
GAO Feng	Vice President
HAN Zhenjie	Vice President
LI Haiming	Vice President
HUANG Qin	Vice President
ZHANG Renchao	Vice President
XI NG Tao	Vice President
WANG Hongwei	Vice President
CHI Jiafang	Vice President
SIU Ho Fai	Company Secretary

Related party transactions and corporate governance changes

Related party transactions

Historically, the Group has engaged in various transactions with its major shareholders ("**Related Party Transactions**"). The Group has summarized such Related Party Transactions in its prior annual reports and interim reports published by the Group on the SEHK's website. The following Related Party Transactions took place during 2013 and the six months ended 30 June 2014, details of which are set out as follows (which are reproduced from the Group's 2014 Interim Report published on the SEHK's website):

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Mr. Kwok Chun Wai	Controlling shareholder (up to 8 September 2015)
Mr. Kwok Ying Shing	Controlling shareholder (up to 8 September 2015) and thereafter a substantial Shareholder

In addition, Kaisa Shenzhen and Shenzhen Fund Resources Investment Holding Company Limited (~~Shenzhen Fund Resources Investment~~ 深圳富德源投资有限公司) entered into a loan agreement in respect of a RMB1,500 million 12% secured loan on 19 December 2014 and a loan agreement in respect of a RMB1,377 million 12% secured loan on 8 April 2015, in connection with the joint acquisition of a parcel of land situated in Dapeng New District, Shenzhen, the PRC and the formation of a joint venture company by Kaisa Shenzhen and Sino Life.

Sino Life is a connected person of the Company by virtue of it being a substantial shareholder of the Company and Shenzhen Fund Resources Investment is a connected person of the Company by virtue of it being a wholly-owned subsidiary of Sino Life.

Key management compensation

	<u>For the year ended 31 December</u>	<u>Six months ended 30 June</u>	<u>9 months ended 30 September</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>
	(unaudited)	(RMB in thousands) (unaudited)	(unaudited)
Salaries and other short-term employee benefits	35,061	14,531	43,141
Retirement scheme contributions	496	218	268
Share option benefits	12,225	759	---
	<u>47,782</u>	<u>15,508</u>	<u>43,408</u>

Purchasing of services

	<u>For the year ended 31 December</u>	<u>Six months ended 30 June</u>	<u>9 months ended 30 September</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>
	(unaudited)	(RMB in thousands) (unaudited)	(unaudited)
Rental Expense	1,859	917	1,433

Note:(1) This represents payment of rental expense for various office premises to Mr. Kwok Chun Wai (as a Controlling Shareholder up to 8 September 2015) and Mr. Kwok Ying Shing (as a Controlling Shareholder up to 8 September 2015 and as a Substantial Shareholder thereafter). The rental expense paid during the year was determined at prevailing market rate of respective office premises.

Each of the Group's Related Party Transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in the Group's interests and the interests of the Group's shareholders.

Material Contracts

As disclosed in the Explanatory Statement, the Group entered into a number of material financial contracts under which it has obligations or entitlements material to the Group as at the date of 30 September 2015. A summary of these material financial contracts existing as at 30 September 2015 is set out in Appendix 19 (*Summary of Material Contracts*) to the Explanatory Statement.

Litigation

The Group has been and may continue to be involved in arbitration, litigation or legal or administrative proceedings. The Group has also instituted, and may continue to institute, legal proceedings against others in pursuit of its rights and interests.

Due to the imposition of the Blockages and the Restrictions, numerous Onshore Lenders and other creditors commenced applications to the relevant PRC courts for the preservation of assets of the Group's Onshore Operations and obtained asset freeze orders against certain assets of the Group from the PRC civil courts. A high level overview of the actions taken by such creditors is provided below, and at Appendix 14 (*Summary of Material Litigation*) to the Explanatory Statement, which provides a summary of the material litigation existing as at 31 December 2015. As the events of late 2014 and early 2015 unfolded, the Company made various announcements on the SEHK website to disclose certain actions taken by creditors in the PRC. Set out below is a summary of certain events which were disclosed through the SEHK website at the relevant time.

Freezing of bank accounts

As set out in the 9 February 2015 Announcement, at 31 January 2015:

- (i) credit balances held across several Group bank accounts of (in aggregate) approximately RMB550 million were frozen by the relevant banks; and
- (ii) total credit balances of (in aggregate) approximately RMB725.6 million were applied by way of set off so as to reduce the amounts of the loans due from the Group to the Onshore Lenders.

Demand notices for payment received by the Group

By 31 January 2015, the Company had also received notices from certain of its creditors (including certain project partners) demanding immediate repayment of approximately RMB28 billion in aggregate. The Company disclosed these demand notices pursuant to the 9 February 2015 Announcement published on the SEHK's website.

Preservation of assets applications by Onshore Lenders

As at 7 April 2015, a number of applications seeking the preservation of assets of the Group had been filed by the Onshore Lenders with the relevant PRC courts. In particular:

- (i) 28 civil rulings were made by the PRC courts pursuant to proceedings commenced by Onshore Lenders in respect of claims amounting to RMB14.8 billion in the aggregate; and
- (ii) 60 notices of participation to action had been filed against certain Subsidiaries comprising part of the Onshore Operations in respect of claims by the Onshore Lenders.

These actions were disclosed in the 13 March 2015 Announcement and the 9 April 2015 Announcement.

Court Judgments

By the 13 March 2015 Announcement, the Company disclosed that as at 12 March 2015, the Group had received four adverse court judgments from the relevant PRC courts, including:

- (i) A judgment against Shanghai Yingwan Zhaoye Property Development Co Ltd (“**Shanghai Yingwan**”), a subsidiary owned as to 51% by the Company, to freeze and seize a credit balance in an account held by Shanghai Yingwan, in an amount of RMB1,246,930,378.11 (the equivalent of approximately HK\$1,489 million) in respect of an alleged breach of a loan agreement.
- (ii) A judgment against Hunan Daye Property Development Co Ltd (“**Hunan Daye**”), a wholly-owned subsidiary of the Company, to freeze assets of the Group in the amount of RMB1,140 million (the equivalent of approximately HK\$1,361 million) in respect of an alleged breach of a loan and guarantee contract.
- (iii) A judgment against 佳兆業地產(遼寧)有限公司 (“**Kaisa Property Liaoning**”), a subsidiary of the Company, in relation to a case filed by a creditor of Kaisa Shenzhen for the repayment of a loan, guaranteed by Kaisa Property Liaoning, in the principal amount of RMB1,000 million plus interest and costs, for the alleged breach of the loan and guarantee contracts;
- (iv) A judgment against Shanghai Xinwan Investment Development Co. Ltd (“**Shanghai Xinwan**”) for repayment of RMB607 million (approximately HK\$725million) in relation to alleged breach of share pledge and repurchase contracts, plus interest and costs.

In each case, the Company filed an objection with the relevant PRC court.

As at the date of the Explanatory Statement the status of the four judgments and related objections are as follows:

- (i) Shanghai Yingwan case – the Group reached a settlement with the claimant;
- (ii) Hunan Daye case – the Group received a judgment on execution on 31 August 2015 and subsequently the Group reached a settlement with the claimant;
- (iii) Kaisa Property Liaoning case – the Group reached a settlement with the claimant; and

- (iv) Shanghai Xinwan case – an arbitration ruling was received on 27 August 2015 in respect of the dispute of the shareholdings, the Group received the judgment dismissing the Group’s request. The Group subsequently reached a settlement with the claimant.

Arbitration

The suspension of government authority approvals for the Longgang Projects resulted in allegations by two project partners that the Group was in breach of two cooperation agreements. The project partners demanded immediate repayment of deposits paid by them, in the aggregate amount of RMB1.2 billion (approximately US\$185 million). As disclosed in the 9 February 2015 Announcement, the Company received arbitration notices from the relevant arbitration authority in relation to the alleged breaches. Following receipt of the notices, the Group engaged PRC legal counsel to advise and to protect the interests of the Group. As at the date of the Explanatory Statement, the Group was in communication with the relevant project partners of the Group in order to reach a resolution on this dispute as soon as possible through amicable negotiation and onshore restructuring.

A summary of the legal proceedings against members of the Group is set out in Appendix 14 (*Summary of Material Litigation*) to the Explanatory Statement. The summary of the proceedings in Appendix 14 (*Summary of Material Litigation*) includes summaries for all financing transaction claims exceeding RMB5,000,000 and all non-financing transaction claims regardless of value as at 31 December 2015. The total amount of claims are valued at RMB16.6 billion, consisting of consisting of 32 financing transaction claims with an aggregate value of approximately RMB16.4 billion and 63 non-financing transaction claims with an aggregate value of approximately RMB337.7 million. Although substantially all of the onshore proceedings set out in the summary in Appendix 14 (*Summary of Material Litigation*) relate to claims against the onshore subsidiaries of the Group, they may potentially drain or divert resources from the Group that could have been used to finance the operations of the Group. As a result, these onshore proceedings may have a material adverse effect on the Group, including the Company.

To the best of the Board’s knowledge, as of the date of the Explanatory Statement, the Company was not engaged in any litigation, arbitration or similar proceedings outside the PRC.

RECENT DEVELOPMENTS

Company Management

On 24 May 2016, Mr. Siu Ho Fai resigned as the Group's company secretary and Mr. Wan Bing resigned as the chief financial officer of the Company. Mr. Siu and Mr. Wan both confirmed that they have no disagreement with the Company's board of directors and there were no matters in relation to their resignations that needed to be brought to the attention of the Company's shareholders. Mr. Halibullah Abdul Rahman has assumed the roles of the Group's Company Secretary and the Company's chief financial officer since 24 May 2016.

Change of Auditors

On 24 June 2016, PricewaterhouseCoopers rendered its resignation as auditors of the Company. As noted in the Company's SEHK announcement dated 15 July 2016, PricewaterhouseCoopers was unable to complete certain audit procedures and, as a result, communicated to the Company that it would not be able to complete the audit of the consolidated financial statements of the Company for the year ended 31 December 2014 by September 2016, as requested by the Company. The Company then appointed Grant Thornton Hong Kong Limited as auditors of the Company, effective as of 24 June 2016, until the conclusion of the next annual general meeting of the Company, the schedule of which has not yet been decided as the date hereof.

Revenue from Sales of Properties

As stated in the Explanatory Statement, during 2014 and the nine months ended 30 September 2015, the Group derived most of its revenue from sales of properties developed by the Group. For the year ended 31 December 2014 and the nine months ended 30 September 2015, the Group's revenues from the sales of properties were approximately RMB16,856 million and RMB3,499 million, respectively. Since January 2016, the Company has been making announcements on a monthly basis on the SEHK website to provide updates on the Group's total contracted sales, which represents the aggregate property sales contracted by the Group and may later be recognized as a portion of the Group's consolidated revenue in accordance with applicable IFRS accounting principles if certain conditions are met. Based on such announcements, for the five months ended 31 May 2016, the Group recorded total contracted sales of approximately RMB10,954 million. With respect to the Seizure and Blockages experienced by the Group in Shenzhen, as of 28 June 2016, the Group still had one pre-sale property project, Shenzhen Dapeng Kaisa Peninsula Resort, which remained under Seizure and Blockage. The Group continues to engage its creditors in discussions, aiming to resume sales of such project as soon as possible.

The Restructuring and Financing of the Offshore Operations

With respect to the Restructuring, on 20 May 2016, the Company held the Scheme Meetings, whereby the Hong Kong Scheme and the Cayman Scheme were duly approved by the requisite majority of the Scheme Creditors. The Scheme Creditors have made their election as to the Scheme Consideration to be allocated to them, being elections to receive one or more of the following options: (i) the New HY Notes and CVRs (Option 1), (ii) the New HY Notes only (Option 2), or (iii) Mandatorily Exchangeable Bonds (Option 3). A breakdown of such election is shown by the following table:

Election Breakdown by Instrument

	Input Currency	Option 3 – if Cut-Back:				Not Voting	Total	Accrued Interest	Exchange Date Claims
		Option 1	Option 2	Option 1	Option 2				
2015									
Convertible						1,499,800,00			
Bonds	RMB	37,000,000	520,000,000	261,600,000	670,300,000	10,900,000	0	180,036,488	1,679,836,488
2016 Notes			1,442,500,00				1,800,000,00		
	RMB	48,050,000	0	49,150,000	209,000,000	51,300,000	0	222,109,663	2,022,109,663
2017 Notes	USD	9,612,000	189,746,000	27,125,000	11,697,000	11,820,000	250,000,000	54,358,737	304,358,737
2018 Notes	USD	39,508,000	696,348,000	18,130,000	18,550,000	27,464,000	800,000,000	127,117,119	927,117,119
2019 Notes	USD	9,335,000	368,765,000	-	12,300,000	9,600,000	400,000,000	55,558,856	455,558,856
2020 Notes	USD	11,970,000	419,752,000	34,370,000	9,200,000	27,708,000	500,000,000	71,615,364	571,615,364
HSBC 2013 HK\$400m Facility	HKD	-	360,000,000	-	-	-	360,000,000	45,123,442	405,123,442
HSBC 2014 HK\$400m Equivalent Facility	RMB	-	317,208,565	-	-	-	317,208,565	38,040,174	355,248,739
Liabilities from Swap Termination	USD	-	12,448,585	-	-	-	12,448,585	615,366	13,063,951
ICBC Asia HK\$250m Facility	HKD	-	155,000,000	-	-	-	155,000,000	11,307,906	166,307,951
Total in USD		83,506,492	2,103,525,28	127,558,671	187,304,396	83,141,384	2,585,036,23	384,226,782	2,969,263,013
<i>% Electing</i>		<i>3.2%</i>	<i>81.4%</i>	<i>4.9%</i>	<i>7.2%</i>	<i>3.2%</i>	<i>100%</i>		

Subsequently, the Cayman Scheme was sanctioned at the Cayman Scheme Sanction Hearing on 9 June 2016 and the Hong Kong Scheme was sanctioned at the Hong Kong Scheme Sanction Hearing on 10 June 2016. The court order granted at the Cayman Scheme Sanction Hearing and the court order granted at the Hong Kong Scheme Sanction Hearing (the “**Hong Kong Scheme Sanction Order**”) were registered with the companies registrar in the Cayman Islands and the companies registrar in Hong Kong, respectively, as announced by the Company’s SEHK announcement dated 12 July 2016. On 14 July 2016, the United States Bankruptcy Court for the Southern District of New York issued an order granting the Chapter 15 Recognition Order to recognize and enforce (a) the Hong Kong Scheme and (b) Hong Kong Scheme Sanction Order and give full force and effect to the Hong Kong Scheme, the Hong Kong Scheme Sanction Order and related agreements concerning the Company.

The 2017 Notes, the 2020 Notes, the 2018 Notes, the 2016 Notes, the 2019 Notes, the Convertible Bonds, the HSBC 2013 Loan, the ICBC 2013 Loan, the HSBC ISDA and the HSBC 2014 Loan are expected to be extinguished as part of the Restructuring. As of the date of this Information Memorandum, the ICBC Paris Loans remain outstanding with an aggregate principal amount of RMB33.2 million, and have been restructured as onshore financing.

Financing of the Onshore Operations

The Group also continues its onshore restructuring efforts. As of 27 June 2016, the Group’s onshore liabilities in the amount of approximately RMB46.50 billion had been successfully restructured, pending completion of certain registration procedures. The Group’s onshore lenders, including China CITIC Bank Corporation Limited and CITIC Trust Co., Ltd., have also informally informed the Group that they will provide financing to support the Group’s business development, although no binding commitments have been made to date. As a result, a number of related court, arbitration and enforcement proceedings against the Group by its onshore creditors continue have been withdrawn. The table below shows (1) the number of pending applications to preserve the Group’s assets made by the Group’s onshore creditors with various PRC courts (the “**Applications**”) and (2) the number of subsequent civil rulings and notices of participation to action received by the Group after such Applications, as at 27 June 2016 and 25 April 2016.

	As at 25 April 2016	As at 27 June 2016
Applications	33 application	27 applications
Civil rulings received relating to the Applications	12 rulings	11 rulings
Aggregate contractual sum in dispute under the civil rulings	Approximately RMB6,966 million	Approximately RMB5,966 million
Notices of participation to action received relating to the Applications	22 notices	7 notices
Aggregate contractual sum in dispute under the notices of participation to action	Approximately RMB11,033 million	Approximately RMB2,642 million

Longgang Projects

As noted in the Explanatory Statement, due to the suspension of governmental approvals for the Longgang Projects, the Company's Longgang project partners demanded immediate repayment of deposits in the aggregate amount of RMB1.2 billion. After continued efforts to negotiate, on 25 May 2016, the Company and its Longgang project partners have reached an agreement to settle such claims.

DISTRIBUTION AND SELLING RESTRICTIONS

The Instruments were issued as the Scheme Consideration distributed to Scheme Creditors pursuant to the Schemes and not pursuant to any offering in any jurisdiction. No action has been or will be taken that would permit a public offering of the Instruments in any country or jurisdiction. Accordingly, the Instruments may not be publicly offered or sold, directly or indirectly, and neither the Introductory Document nor any other offering material, circular, form of application or advertisement in connection with the Instruments may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

TAXATION

The following is a high-level summary of certain material tax consequences relating to the issuance of the Instruments as Scheme Consideration to Scheme Creditors. The following does not purport to be an analysis of any tax considerations applicable to other persons who deal in the Instruments in any way. Additionally, the following does not purport to be a complete analysis of all tax considerations relating to the Schemes and to all Scheme Creditors. None of the Company or its directors, officers, management, agents or advisors has accepted or will accept any responsibility for any adverse taxation consequences Scheme Creditors may face as a result of participating in the Scheme or for any adverse taxation consequences other persons who deal in the Instruments may face.

The tax consequences set forth below in this high-level summary are based on the applicable laws, regulations, court decisions, revenue rulings and administrative proceedings (which may not be binding) as of the date of the Explanatory Statement, and all of which are subject to change or changes in interpretation and are not intended to be exhaustive. Scheme Creditors, wherever they are resident, incorporated or situated, were and are recommended to consult their professional advisers as to any taxation implications of the Schemes which may apply to them. Scheme Creditors should particularly note that any such change or changes in interpretation could have retroactive effect so as to result in tax consequences different from those discussed below.

It is repeated that this information is not a substitute for independent advice pertaining to the particular circumstances of each Scheme Creditor or any investor in the Instruments. Accordingly, Scheme Creditors and prospective investors are urged to consult their own tax advisers without delay with respect to the particular tax consequences to them of the Instruments, including the tax consequences under any applicable laws.

Cayman Islands Taxation

The Company

No adverse Cayman Islands tax implications will arise for the Company in connection with the issue of the New HY Notes, the Mandatorily Exchangeable Bonds and any Exchange Convertible Bonds issued pursuant to the Automatic Exchange Transaction.

United States Taxation

- (a) The following is a general discussion of certain U.S. federal income tax considerations related to participation in the Schemes, including the exchange of Scheme Claims for Scheme Consideration, but does not purport to be a complete analysis of all tax effects of the Schemes. This summary does not address the U.S. federal income tax considerations related to the acquisition, ownership or disposition of the Scheme Consideration except with respect to Scheme Consideration received pursuant to a Scheme. This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury regulations promulgated thereunder (“**Treasury Regulations**”) and administrative and judicial interpretations thereof, all as in effect or proposed on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretations. The Company will not seek a ruling from the U.S. Internal Revenue Service (the “**IRS**”) with regard to the U.S. federal income tax considerations to U.S. Holders (as

defined below) of participation in the Schemes and the receipt of Scheme Consideration. Accordingly, there can be no assurance that the IRS will not challenge any of the U.S. federal income tax considerations described below or that any such challenge, if made, would not be sustained by a court. In addition, this summary only applies to U.S. Holders (other than with respect to the discussion of FATCA, as defined below) that hold their Scheme Claims as capital assets within the meaning of the Code (generally, property held for investment).

- (b) This discussion is for general information only and does not address all of the tax considerations that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under U.S. federal income tax laws (such as banks, other financial institutions, insurance companies, tax-exempt entities, retirement plans, dealers in securities, brokers, expatriates, partnerships, other pass-through entities, regulated investment companies, real estate investment trusts, persons who hold their Notes (as defined below) as part of a straddle, hedge, conversion transaction or other integrated investment, persons subject to the alternative minimum tax, U.S. persons whose functional currency is not the U.S. dollar or U.S. persons that use a mark-to-market method of accounting). This discussion does not address the U.S. state, local, estate or gift tax laws, the Medicare tax on net investment income or non-U.S. tax considerations relating to the purchase, ownership and disposition of the Notes. Each U.S. Holder should consult its own tax advisor with regard to the U.S. federal income and other tax considerations to them with respect to their participation in the Schemes in light of their particular situations.
- (c) **“U.S. Holder”** means a holder that is a beneficial owner of a Scheme Claim and that is, for U.S. federal income tax purposes:
 - (i) an individual who is a citizen or resident of the United States;
 - (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any State or political subdivision thereof or therein, including the District of Columbia;
 - (iii) an estate the income of which is subject to U.S. federal income tax regardless of the source thereof; or
 - (iv) a trust with respect to which (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) a valid election was made to be treated as U.S. person for U.S. federal income tax purposes.
- (d) If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds a Scheme Claim, the tax treatment of such partnership and each partner will depend upon the application of special rules that apply to partnerships under the U.S. federal income tax laws, the status of the partner and the activities of the partnership. If you are a partner or a partnership holding a Scheme Claim, you are urged to consult your tax advisors regarding the tax considerations of the participation in the Schemes and the receipt of Scheme Consideration.

U.S. HOLDERS PARTICIPATING IN THE SCHEMES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSIDERATIONS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

- (e) Tax Considerations of the Exchange of Scheme Claims for Scheme Consideration
- (i) Whether and to what extent U.S. Holders will be required to recognize gain or loss in connection with their exchange of Scheme Claims for Scheme Consideration will depend on whether any portion of the exchange qualifies as a recapitalization pursuant to Section 368 of the Code. In general, the exchange will qualify as a recapitalization with respect to a particular U.S. Holder if, among other requirements, any of the Scheme Claims and any of the corresponding New HY Notes and the Mandatorily Exchangeable Bonds (together, the “Notes”) received by such Holder constitute “securities” for purposes of the recapitalization provisions of the Code. The rules for determining whether a debt instrument constitutes a security under the recapitalization provisions of U.S. federal income tax laws are unclear. The term “security” is not defined for this purpose in the Code or the Treasury Regulations and has not been clearly defined by judicial decisions. The determination of whether a debt instrument is a security involves an overall evaluation of the nature of the debt instrument, the debt holder’s exposure to the substantial risks of the enterprise, the extent of the debt holder’s proprietary interest in the issuer compared with the similarity of the debt instrument to a right to receive a cash payment and certain other considerations.
 - (ii) One of the most significant factors considered in determining whether a particular debt instrument is a security is its term as determined at the date of issuance. In general, debt instruments with a term of less than five years are not likely to (but may in certain circumstances) be considered securities, debt instruments with a term of ten years or more are likely to be considered securities, and debt instruments with an initial term at issuance of five to ten years are often considered securities, but their status may be unclear. The IRS ruled in Revenue Ruling 2004-78 that in certain cases where new debt instruments are issued in exchange for securities, the new debt instruments may be treated as a continuation of the securities and thus the exchange may qualify for recapitalization treatment. There can be no assurance, however, that the IRS will agree with this characterization.
 - (iii) To the extent all or a portion of the Scheme Claims exchanged for all or a portion of the Notes qualifies as a tax-free recapitalization with respect to a particular U.S. Holder, such U.S. Holder will not recognize any loss on that portion of the exchange. Such Holder will recognize gain on the exchange only to the extent of the lesser of (i) the sum of any cash and the fair market value of any Scheme Consideration not treated as received in a tax-free recapitalization (such as the non-qualifying tranches of Notes, any such consideration collectively, “boot”) and (ii) the difference between the fair market value of the Scheme Consideration and the U.S. Holder’s basis in its Scheme Claims (in each case other than any amounts attributable to accrued

and unpaid interest, which would be treated as described in paragraph 12.2(e)(x) below (Accrued Interest).

- (iv) A U.S. Holder's initial tax basis in any Notes treated as received in a recapitalization for U.S. federal income tax purposes will be equal to such Holder's aggregate adjusted tax basis in the Scheme Claims surrendered pursuant to the recapitalization increased by any gain recognized on the exchange and reduced by the fair market value of the boot (other than any amounts attributable to accrued and unpaid interest which would be treated as described in paragraph 12.2(e)(x) below (Accrued Interest)). Such basis must be allocated among the Notes treated as received in a recapitalization in proportion to such properties' relative fair market value. The holding period for any Notes treated as received in a recapitalization for U.S. federal income tax purposes will include the holding period for the Scheme Claims treated as exchanged therefor pursuant to a recapitalization. Any accrued market discount on a Scheme Claim will be carried over to any Scheme Claims exchanged therefor pursuant to a recapitalization. A U.S. Holder's initial tax basis in the boot received will equal the fair market value of such boot and the holding period for such boot will begin on the day following the date of the exchange.
- (v) Whether or not the exchange of Scheme Claims for Notes by a particular U.S. Holder qualifies as a tax-free recapitalization will depend on the particular Scheme Claims being exchanged and the terms of the Notes received. Holders should consult their tax advisors as to whether any of the Scheme Claims are properly classified as securities and, accordingly, to what extent the exchange will be treated for U.S. federal income tax purposes as a recapitalization. U.S. Holders should also consult their tax advisors for assistance in determining their basis in any Scheme Consideration received and in computing their gain, if any, particularly where a U.S. Holder holds multiple tranches of Scheme Claims and/or receives multiple tranches of Scheme Consideration.
- (vi) The tax consequences of participating in the Schemes may also depend on whether any cash that is or has been received by such Holder from the Company and any Scheme Consideration not treated as received in a recapitalization is treated as a separate and independent payment with respect to its Scheme Claims, or whether the distribution of any such cash and non-qualifying Scheme Consideration is instead integrated for U.S. federal income tax purposes with the exchange of Scheme Claims for Notes treated as received in a recapitalization pursuant to the Schemes. U.S. Holders should consult their tax advisors regarding the U.S. federal income tax treatment of distributions to them of cash and receipt of Scheme Consideration not received in a recapitalization.
- (vii) If the Scheme is not treated as a recapitalization with respect to a U.S. Holder, subject to the wash-sale rules, such U.S. Holder generally will recognize capital gain or loss equal to the difference between the amount realized and the Holder's adjusted tax basis in the Scheme Claims. The amount realized on a Holder's exchange of Scheme Claims will be equal to the issue price of the Notes received in the exchange and the fair market value of the other Scheme Consideration received or deemed received by the Holder in the exchange, but

excluding any amount treated as received in respect of accrued but unpaid interest not previously included in income by the Holder. Such gain or loss generally will be long-term capital gain or loss provided the U.S. Holder's holding period in its Scheme Claims exceeds one year as of the date of the exchange or short-term gain or loss if the U.S. Holder's holding period is one year or less. However, gain or loss, as well as the holding period, will be determined separately for each tranche of Scheme Claims exchanged pursuant to the Scheme. Any such gain or loss generally will be U.S. source income or loss for U.S. foreign tax credit purposes.

- (viii) The issue price of any Notes treated as received in an exchange will depend on whether such Notes and/or the Scheme Claims exchanged are "publicly traded" property as defined by applicable Treasury Regulations. If, as the Company expects, the Notes are considered to be "publicly traded" property, then the issue price of such Notes will be equal to the fair market value of such Notes on the date of the exchange. The application of these rules to the Schemes is complicated and U.S. Holders should consult their tax advisors regarding determining the issue price of the Notes received in the exchange.
- (ix) *Exchange Gain or Loss.* In the case of non-U.S.-denominated Scheme Claim, gain or loss recognized by a U.S. Holder as a result of the exchange of the non-U.S.-denominated Scheme Claim generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in foreign currency exchange rates during the period in which the U.S. Holder held such non-U.S.-denominated Scheme Claim. In the case of a non-U.S. denominated note, such foreign currency gain or loss will equal the difference between (i) the U.S. dollar value of the U.S. Holder's non-U.S.-denominated note purchase price for the non-U.S.-denominated note (reduced by any bond premium previously amortized) calculated at the spot rate of exchange on the date of the exchange and (ii) the U.S. dollar value of the U.S. Holder's non-U.S.-denominated note purchase price for the non-U.S.-denominated note (reduced by any bond premium previously amortized) calculated at the spot rate of exchange on the date of purchase of the non-U.S.-denominated note. If the non-U.S.-denominated note is traded on an established securities market, with respect to a cash basis U.S. Holder (and, if it so elects, an accrual basis U.S. Holder), such foreign currency gain or loss will be calculated based on the spot rate of exchange on the settlement date of the exchange and on the settlement date of the purchase of the non-U.S.-denominated note. The realization of any foreign currency gain or loss, including foreign currency gain or loss with respect to amounts attributable to accrued and unpaid interest, will be limited to the amount of overall gain or loss realized on the exchange of the relevant Scheme Claim.
- (x) *Accrued Interest.* To the extent that any amount received by a U.S. Holder is attributable to accrued interest on a Scheme Claim, such amount will be includable in gross income as interest income if such accrued interest had not been included previously in the Holder's gross income for U.S. federal income tax purposes.
- (xi) *Market Discount.* If a U.S. Holder acquired a Scheme Claim with market discount, any gain recognized on the exchange of such Scheme Claim will be

treated as ordinary income (and will not receive capital gain treatment) to the extent of the market discount accrued during the U.S. Holder's period of ownership, unless the Holder previously had elected to include market discount in income as it accrued for U.S. federal income tax purposes. For these purposes, market discount generally is equal to the excess, if any, of the stated principal amount of a Scheme Claim over the Holder's initial tax basis in the Scheme Claim, if such excess exceeds a de minimis amount. U.S. Holders who acquired any Scheme Claims other than at original issuance should consult their tax advisors regarding the possible application of the market discount rules of the Code.

(f) Tax Considerations Related to U.S. Holders Holding and Disposing of the Notes

(i) **Effect of Certain Contingencies**

(A) The Company will take a position, during those periods in which the Company may elect to pay in PIK Interest, fully in cash ("**Cash Interest**"), or a combination of cash and PIK Interest ("**Partial PIK Interest**"), that the Company and each U.S. Holder is entitled to account for the Notes using a payment schedule in which interest on the Notes is initially assumed to be paid in the manner that would minimize the yield on the Notes in accordance with Treasury Regulations Section 1.1272-1(c) and that the Notes accordingly are not subject to the Treasury Regulations applicable to contingent payment debt instruments (the "**CPDI rules**").

(B) Moreover, in certain circumstances, the Company may be obligated to make payments in excess of stated interest (including PIK Interest, if any) and the adjusted issue price of the Notes and/or redeem the Notes in advance of their stated maturity or (in the case of the Mandatorily Exchangeable Bonds) to extend the maturity of the Notes. The Company does not intend to treat the Notes as contingent payment debt instruments because of, among other things, the possibility of such payments or early redemptions. This position is based in part on assumptions, as of the date of issuance of the Notes, regarding the likelihood that such payments will have to be paid and/or relating to the expected yield to maturity of the Notes. Assuming such position is respected, any such amounts paid to a U.S. Holder pursuant to any repurchase or redemption would be taxable as described in paragraph 12.2(f)(iii) below (*Sale, Exchange, Retirement or Other Disposition by a U.S. Holder*) and any payments of Additional Amounts in respect of the Mandatorily Exchangeable Bonds or in respect of the New HY Notes (in each case, as the term "Additional Amounts" is defined in the New Trust Deed or New Indentures, as applicable) in an amount in excess of stated interest and the adjusted issue price would be taxable as additional ordinary income when received or accrued, in accordance with such holder's method of accounting for U.S. federal income tax purposes. The Company's position is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury Regulations. The IRS, however, may take a position

contrary to the Company's position, which could affect the timing and character of a U.S. Holder's income with respect to the Notes. U.S. Holders should consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. This discussion assumes that the Notes are not treated as contingent payment debt instruments.

(ii) **Original Issue Discount PIK Interest and Stated Interest**

- (A) A Note is issued with original issue discount (“OID”) in an amount equal to any excess of its stated redemption price at maturity (the sum of all payments to be made on the Notes other than qualified stated interest) over its issue price, determined as described in paragraph 12.2(e) above (*Tax Considerations of the Exchange of Scheme Claims for Scheme Consideration*), by more than a statutorily defined de minimis amount. Because the Notes provide the Company with the ability to pay some or all of the interest on the Notes in the form of PIK Interest for a given accrual period, no stated interest on the Notes will be qualified stated interest for U.S. federal income tax purposes (even if stated interest is expected to be paid, and actually is paid, in cash). As a result, even if the issue price of the Notes is not less than the stated redemption price at maturity, the Notes will be treated as issued with OID for U.S. federal income tax purposes. Interest, including OID, on the Notes will be treated as foreign source income for U.S. federal income tax purposes.
- (B) A U.S. Holder generally will be required to include OID in income before the receipt of the associated cash payment, regardless of the U.S. Holder's accounting method for tax purposes. A U.S. Holder will be required to include OID in income for U.S. federal income tax purposes as it accrues on a constant yield basis in advance of the receipt of cash payments to which such income is attributable. A U.S. Holder would be required to include the OID in income in addition to the inclusion of stated interest and would generally be required to include in income increasing greater amounts of OID in successive accrual periods.
- (C) As discussed in paragraph 12.2(f)(i) above (*Effect of Certain Contingencies*) for purposes of computing the yield to maturity of the notes and the amount of OID attributable to each accrual period, the Company will take a position that the Company and each U.S. Holder are entitled to use the payment schedule determined to minimize the yield on the Notes. This assumption is stated solely for U.S. federal income tax purposes and does not constitute a representation by the Company regarding the likelihood that interest on the Notes will be paid in a particular manner. If, contrary to this assumption, a different combination of interest is actually paid on the Notes, then, solely for the purposes of recomputing future OID accruals on the Notes, the Notes will be treated as retired and reissued on the date of such change in circumstances for an amount

equal to their then-adjusted issue price, the yield to maturity on the Notes will be redetermined taking into account such change in circumstances.

- (D) Any PIK Interest generally will not be treated as a payment of interest on an original note for U.S. federal income tax purposes. Instead, any PIK Interest together with the original Note will be treated as a single debt instrument for U.S. federal income tax purposes.
- (E) Under applicable U.S. Treasury Regulations, a U.S. Holder of a Note with OID may elect to include in gross income all interest that accrues on the Note using the constant yield method described above. Once made with respect to the Note, the election cannot be revoked without the consent of the IRS. A U.S. Holder considering an election under these rules should consult its own tax advisor.
- (F) U.S. Holders may obtain information regarding the amount of OID, the issue price, the issue date and yield to maturity by contacting the Company Secretary at info@kaisagroup.com, telephone +852 3900 0988 or fax +852 3900 0990.
- (G) Each payment of Cash Interest under a Note will be treated first as a payment of any accrued OID on the Note to the extent such accrued OID has not been allocated to prior cash payments and second as a payment of principal on the Note. U.S. Holders generally will not be required to separately include Cash Interest on the Notes to the extent such cash payments constitute payments of previously accrued OID or payments of principal.

The rules regarding OID are complex and the rules described above may not apply in all cases. If other rules apply instead, U.S. Holders of the Notes could be treated differently than described above. Prospective U.S. Holders of the Notes are urged to consult their own tax advisors regarding the potential application of the OID rules to the notes and the consequences thereof.

(iii) Sale, Exchange, Retirement or Other Disposition by a U.S. Holder

- (A) A U.S. Holder's initial tax basis in a Note will depend on whether the exchange resulting from the receipt of the Scheme Consideration is a taxable exchange or not, as described in paragraph 12.2(e) above (*Tax Considerations of the Exchange of Scheme Claims for Scheme Consideration*).
- (B) Although not free from doubt, a U.S. Holder's adjusted tax basis in a Note (as determined above) should be allocated between the original Note and any new notes received in respect of PIK Interest thereon ("PIK Notes") in proportion to their relative principal amounts. A U.S. Holder's holding period in any PIK Note received in respect of PIK Interest would likely be identical to its holding period for the original Note with respect to which the PIK Note was received.

- (C) A U.S. Holder generally will recognize capital gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other disposition of the Note (less any amounts attributable to accrued but unpaid interest, which will be subject to tax in the manner described in paragraph 12.2(f)(ii) above (*Original Issue Discount, PIK Interest and Stated Interest*) to the extent not previously so taxed), and the U.S. Holder's adjusted tax basis in the Note.
- (D) Any gain or loss recognized on the sale, exchange, retirement, or other disposition of a Note will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year as of the date of disposition. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any gain or loss recognized on the sale, exchange, retirement or other disposition of a Note generally will be treated as income from sources within the United States or loss allocable to income from sources within the United States.
- (E) The deductibility of capital losses is subject to certain limitations. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax consequences of disposing, in separate transactions, of the original Note and any PIK Notes issued as PIK Interest with respect to such original Note.
- (F) *Market Discount.* A Note treated as received in an exchange for a Scheme Claim with market discount in a recapitalization for U.S. federal income tax purposes will also be treated as acquired with market discount to the extent the issue price of a Note exceeds the Holder's initial tax basis for such Note by more than a de minimis amount. If a U.S. Holder acquires its Notes at a market discount and elects to include the market discount in gross income currently as ordinary income, the amount of market discount included in such U.S. Holder's income increases such U.S. Holder's adjusted tax basis in its Notes. Unless a U.S. Holder elects to accrue market discount under a constant yield method, any market discount will accrue ratably during the period from the date of acquisition of the related Note to its maturity date.
- (G) An election to include market discount in income currently, once made, will apply to all market discount obligations acquired by the U.S. Holder during the taxable year of the election and thereafter, and may not be revoked without the consent of the IRS. Accordingly, if a U.S. Holder has previously made a market discount election, including with respect to a Scheme Claim, such U.S. Holder that receives Scheme Consideration with market discount will include the market discount applying the constant yield method. The market discount rules are complicated, and U.S. Holders are urged to consult

their own tax advisors regarding the tax considerations related to owning and disposing of Notes with market discount, including the availability of certain elections.

- (H) *Acquisition Premium.* If a U.S. Holder's initial tax basis in the Notes is greater than their issue price and less than or equal to their stated principal amount, the U.S. Holder will be considered to have acquired the Notes with "acquisition premium." Under the acquisition premium rules, such U.S. Holder generally will be permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's initial basis in the Note over the Note's issue price, and the denominator of which is the excess of the principal amount of the Notes over their issue price.
 - (I) *Amortizable Bond Premium.* A Note has amortizable bond premium in the hands of a U.S. Holder if the U.S. Holder acquired the Note for an amount in excess of the Note's stated principal amount. In such a case, a U.S. Holder will not be required to accrue any OID on the Notes. A U.S. Holder generally may elect to amortize such premium from the purchase date of a Note to the maturity date of the Note under a constant yield method based on the Note's payment period. A U.S. Holder that elected to amortize such premium as an offset to interest income must reduce its tax basis in the Note by the amount of the premium amortized during such Holder's holding period of the Note. For a U.S. Holder that does not elect to amortize bond premium, the amount of such premium will be included in such Holder's tax basis upon the sale of the Note. An election to amortize premium on a constant yield method, once made, generally applies to all debt obligations held or subsequently acquired by the U.S. Holder during the taxable year of the election and thereafter, and may not be revoked without the consent of the IRS. U.S. Holders are urged to consult their own tax advisors regarding the tax considerations related to owning and disposing of Notes with bond premium, including the availability of certain elections and the effects of certain Company options.
 - (J) The Notes are subject to call provisions at the Company's option at various times. As a result, a U.S. Holder will calculate the amount of amortizable bond premium based on the amount payable on an applicable call date if the use of the call price and the call date results in a smaller amortizable bond premium for the period ending on the call date. In the event that the Company does not exercise its call rights on such call date, the Notes generally should be treated as reissued on the call date for the "adjusted acquisition price" (as defined for U.S. federal income tax purposes), and the U.S. Holder will recalculate the amount of any amortizable bond premium on such Note pursuant to the principles described above. The foregoing rules may eliminate, reduce or defer any amortization deductions.
- (iv) **Passive Foreign Investment Company Considerations in Respect of the Mandatorily Exchangeable Bonds and Exchange Convertible Bonds**

(A) If, as described below, the Company is classified as a passive foreign investment company (“**PFIC**”) for any taxable year during which a U.S. Holder owns Mandatorily Exchangeable Bonds and/or Exchange Convertible Bonds, the U.S. Holder generally will be treated as owning stock in the Company and will be subject to adverse rules (regardless of whether the Company continues to be classified as a PFIC) with respect to any gain realized on the sale or other disposition of the Mandatorily Exchangeable Bonds. For a description of these adverse rules, including loss of favorable capital gains rates and the imposition of an interest charge, see paragraph 12.2(h)(v) “*Conversion of Exchange Convertible Bonds to Common Shares—Passive Foreign Investment Company Rules*”). In addition, if the Company is classified as a PFIC, the holding period of a Common Share acquired through the exercise of the Exchange Convertible Bonds would include the period during which the Mandatorily Exchangeable Bonds and/or Exchange Convertible Bonds were held, which could exacerbate the effect of the adverse rules described below. In addition, the mark-to-market election under the PFIC rules (as described below) may not be made with respect to the Mandatorily Exchangeable Bonds and/or Exchange Convertible Bonds.

(B) The application of the PFIC rules to Mandatorily Exchangeable Bonds and/or Exchange Convertible Bonds, including the application of the reporting requirement described in paragraph 12.2(h)(v) below (*Conversion of Exchange Convertible Bonds to Common Shares—Passive Foreign Investment Company Rules*), is subject to significant uncertainties. Accordingly, U.S. Holders should consult their tax advisors regarding the potential application of the PFIC regime and any reporting obligations to which they may be subject under that regime.

(g) Exchange of Mandatorily Exchangeable Bonds for Exchange Convertible Bonds

The exchange of the Mandatorily Exchangeable Bonds for the Exchange Convertible Bonds is not expected to be a taxable event to the U.S. Holders for U.S. federal income tax purposes, and, accordingly, the Exchange Convertible Bonds are expected to have the same issue price, adjusted issue price, adjusted tax basis and holding period as the Mandatorily Exchangeable Bonds. The U.S. federal income tax consequences of holding and disposing of an Exchange Convertible Bond generally are expected to be the same as the U.S. federal income tax consequences of holding and disposing of a Mandatorily Exchangeable Bond.

(h) Conversion of Exchange Convertible Bonds to Common Shares

(i) ***Conversion***

(A) If a U.S. Holder presents a notice pursuant to an Exchange Convertible Bond to convert such holding into Common Shares, the U.S. Holder will receive solely Common Shares, or, in certain limited circumstances, cash in lieu of fractional shares. If, upon

conversion, the Company satisfies the conversion obligation solely with shares of the Company's Common Shares, U.S. Holders generally will not recognize any income, gain or loss, except with respect to cash received in lieu of a fractional share of the Company's Common Shares. A U.S. Holder's adjusted basis in the Common Shares received will be the same as such Holder's adjusted basis in the Exchange Convertible Bond at the time of the conversion, reduced by any basis allocable to a fractional share. The holding period for the Company's Common Shares generally will include the holding period of the Exchange Convertible Bond converted.

- (B) Cash, if any, received in lieu of a fractional share of the Company's Common Shares will be treated as if the fractional share had been issued and then redeemed for cash. Accordingly, subject to the PFIC rules described below, a U.S. Holder generally will recognize capital gain or loss (measured by the difference between the cash received for the fractional share and such Holder's adjusted basis allocable to the fractional share).

(ii) ***Constructive Distributions***

- (A) If at any time the Company were to make or treated as making a distribution of cash or property to its shareholders that would be taxable to the shareholders as a dividend for U.S. federal income tax purposes (or if the Company has any other convertible debt outstanding) and, in accordance with the provisions described in "Terms and Conditions of the Bonds — Adjustments to Conversion Price", the conversion rate of the Mandatorily Exchangeable Bonds were adjusted, such adjustment would be a deemed distribution taxable as a dividend to beneficial owners of the Mandatorily Exchangeable Bonds to the extent of the Company's current and accumulated earnings and profits (and otherwise as discussed below), notwithstanding the fact that the beneficial owners of the Mandatorily Exchangeable Bonds do not receive a cash payment.
- (B) If the conversion rate is adjusted upon the occurrence of certain events (as described in "Terms and Conditions of the Bonds — Adjustments to Conversion Price"), such adjustment also may be a deemed distribution, taxable as a dividend to beneficial owners of the Mandatorily Exchangeable Bonds to the extent of the Company's current and accumulated earnings and profits (and otherwise as discussed below), notwithstanding the fact that the beneficial owners do not receive a cash payment. Generally, an adjustment in the conversion rate under the indenture made pursuant to a bona fide reasonable adjustment formula in the event of share dividends or distributions of rights to subscribe for the Company's Common Shares will not be a taxable constructive distribution; in contrast, as noted above, an adjustment to the conversion ratio to compensate for a taxable dividend will be treated as a taxable constructive distribution.

- (C) Furthermore, in certain circumstances, the failure to adjust the conversion rate under the indenture may result in a deemed taxable distribution to holders of the Company's Common Shares.
 - (D) If there is a deemed distribution, such distribution will be taxable as a dividend to the extent of the Company's current and accumulated earnings and profits, and thereafter as a return of capital or capital gain in accordance with the tax rules applicable to corporate distributions, but will not be eligible for the reduced rates of tax applicable to certain dividends paid to individual investors applicable to certain dividends paid to corporate holders.
- (iii) ***Distributions on Common Shares of the Company's Common Shares***
- (A) Subject to the passive foreign investment company rules below, if, after a U.S. Holder converts an Exchange Convertible Bond into Common Shares, the Company makes a distribution in respect of those Common Shares, the gross amount of any distribution will be treated as a dividend (including withheld taxes, if any), generally taxable to such U.S. Holder as ordinary income, to the extent it is paid from the Company's current or accumulated earnings and profits. Dividends paid by the Company will be includible in a U.S. Holder's gross income upon receipt. In addition, whether or not the amount of dividends received with respect to the Company's Common Shares by certain non-corporate U.S. Holders (including individuals) are eligible for the preferential rates for "qualified dividends" will depend on whether the Company is (a) a PFIC, as described below, and (b) a qualified foreign corporation. A non-U.S. corporation will generally be considered a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program; or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. Whether or not the Company is a qualified foreign corporation will also depend, inter alia, on whether or not the Company is deemed a PRC "resident enterprise" as discussed below (*PRC Taxation*). No assurances can be made regarding whether dividends from the Company will be qualified dividends eligible for taxation at preferential rates. Dividends received on Common Shares will not be eligible for the dividends received deduction allowed to corporations. If the distribution exceeds the Company's current and accumulated earnings and profits, the excess will be treated first as a tax-free return of capital up to a Holder's adjusted basis in the shares of the Company's Common Shares. Any remaining excess will be treated as capital gain.
 - (B) Distributions from the Company generally will constitute foreign source income for United States foreign tax credit purposes and will

generally constitute passive category income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the Common Shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholdings, but only for a year in which such U.S. Holders elects to do so for all creditable foreign income taxes.

- (C) The amount of any dividend income paid in non-U.S. currency will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.
 - (D) As discussed in paragraph 12.2(h)(ii) above (*Constructive Distributions*), if an event occurs that dilutes the Exchange Convertible Bond holders' interest and the conversion price is not adjusted, the resulting increase in the proportionate interests of the Company's shareholders could be treated as a taxable stock dividend to them.
- (iv) ***Sale, Exchange or Other Taxable Disposition of Common Shares of the Company's Common Shares***
- (A) Subject to the passive foreign investment company rules below, upon the sale, exchange or other taxable disposition of shares of the Company's Common Shares received on conversion of an Exchange Convertible Bond:
 - (I) a U.S. Holder will have taxable gain or loss equal to the difference between the U.S. dollar value of the amount received by such Holder and such Holder's adjusted tax basis in the shares of the Company's Common Shares determined in U.S. dollars (determined as described in paragraph 12.2(h)(i) above (*Conversion*)); and
 - (II) a U.S. Holder's gain or loss generally will be a U.S. source capital gain or loss and will be a long-term capital gain or loss if such Holder has a holding period for the Common Shares that is more than one year. Long-term capital gains recognized by certain non-corporate U.S. Holders (including individuals) are generally subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to limitation.

(B) In the event that the Company is treated as a PRC “resident enterprise” under the Enterprise Income Tax Law and gain from the disposition of Common Shares is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the income tax treaty between the United States and the PRC may elect to treat the gain as PRC source income. Each U.S. Holder is advised to consult its tax advisor regarding the tax consequences if a foreign tax is imposed on the disposition of the Common Shares, including the availability of the foreign tax credit under its particular circumstances.

(v) *Passive Foreign Investment Company Rules*

(A) Under the Code, the Company will be a PFIC for any taxable year in which, after the application of certain “look-through” rules with respect to subsidiaries, either (i) 75% or more of its gross income consists of “passive income,” or (ii) 50% or more of the average quarterly value of its assets consist of assets that produce, or are held for the production of, “passive income.” Passive income generally includes interest, dividends, rents, certain non-active royalties and capital gains. The Company is treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock. Whether the Company will be a PFIC in the 2016 or any future year is uncertain, because the fair market value of the Company’s assets may be determined in large part by the market price of the Common Shares, which is likely to fluctuate. Accordingly, there can be no assurance that the Company will not be a PFIC in 2016 or any future years. The Company does not intend to perform any analysis to determine whether or not it is a PFIC or to assist U.S. Holders in, or to provide U.S. Holders with any information to assist them in, making determinations with respect to the Company’s status under the PFIC rules or for determining U.S. federal income tax liability and U.S. Holders of Common Shares should consult their tax advisors regarding the Company’s PFIC status.

(B) If the Company were a PFIC for any taxable year during which a U.S. Holder held Common Shares or during which such Holder held Exchange Convertible Bonds under certain rules relating to options on PFICs (assuming such U.S. Holder has not made a timely mark-to-market election, as described below), gain recognized by a U.S. Holder on a sale or other disposition (including certain pledges) of the Common Shares would be allocated ratably over the U.S. Holder’s holding period for the Common Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable

year. Further, to the extent that any distribution received by a U.S. Holder on its Common Shares exceeds 125% of the average of the annual distributions on the Common Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Furthermore, distributions from a PFIC are not eligible for taxation at the preferential rates applicable to "qualified dividend" income as described above.

- (C) In the event the Company is or becomes a PFIC and the Common Shares are traded on a "qualified exchange" or other market within the meaning of applicable Treasury regulations, a U.S. Holder can avoid certain of the adverse rules described above by making a mark-to-market election. U.S. Holders should consult their tax advisors regarding the availability of, and procedure for making, a mark-to-market election.
- (D) If the Company is classified as a PFIC, a U.S. Holder of Common Shares will generally be treated as owning stock owned by the Company in any direct or indirect subsidiaries that are also PFICs and will be subject to similar adverse rules with respect to distributions to the Company by, and dispositions by the Company of, the stock of such subsidiaries. A mark-to-market election is not permitted for the shares of any subsidiary of the Company that is also classified as a PFIC.
- (E) The Company does not intend to provide information necessary for U.S. Holders to make qualified electing fund elections.
- (F) If the Company is considered a PFIC, a U.S. Holder will also be subject to information reporting requirements, possibly on an annual basis.

(j) Additional Considerations of U.S. Holders

(i) ***Reportable Transaction Reporting***

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss relating to the transactions described herein with respect to the Scheme Claims or Scheme Consideration as a reportable transaction if this loss exceeds the relevant threshold in the regulations. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the transactions described herein, including without limitation, the disposition of any non-U.S. currency received.

(ii) ***Backup Withholding***

In general, information reporting requirements may apply to the receipt of certain payments of principal, interest or dividends or other payments received with respect to the Scheme Consideration on, the Notes or Common Shares, as the case may be, and the proceeds of disposition of Notes or Common Shares to U.S. Holders other than certain exempt recipients such as corporations. The payor may be required to withhold backup withholding at a current rate of 28% on payments made within the United States, or by a U.S. payor or U.S. middleman or certain of their affiliates, on a Note or Common Share to a Holder of a Note or Common Share that is a U.S. person, other than an exempt recipient, if the Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. U.S. Holders generally will be entitled to credit any amounts withheld under the backup withholding rules against such Holder's federal income tax liability or to a refund of the amounts withheld, provided the required information is furnished to the IRS in a timely manner.

(iii) **FATCA**

(A) Sections 1471-1474 of the Code and the U.S. Treasury and IRS guidance issued thereunder ("FATCA") generally may impose withholding at a rate of 30% on payments made to any foreign entity on debt obligations generating non-U.S. source interest issued by a foreign financial institution that (i) enters into certain agreements with the IRS or (ii) becomes subject to provisions of local law intended to implement an intergovernmental agreement entered into pursuant to FATCA, in each case to the extent such payments are attributable to U.S. source income (the so-called "foreign pass-thru payments"), unless the foreign entity receiving such payments complies with various U.S. information reporting and/or due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with such foreign entity) or otherwise qualifies for an exemption. Withholding on payments on debt obligations issued by foreign financial institutions, including on debt obligations generating non-U.S. source interest, will not occur before 2019. Furthermore, obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining foreign pass-thru payments are filed generally would be "grandfathered" from FATCA unless materially modified after such date. Accordingly, if the Company is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period.

(B) Similar rules to those described above may apply owners of the Common Shares, except that the grandfathering exception does not apply with respect to equity. U.S. Holders should consult with their tax advisors.

- (C) The intergovernmental agreement between Hong Kong and the United States modifies the requirements in this section and an intergovernmental agreement between the United States and a foreign country where a holder or intermediary is located may further modify such requirements.
- (D) U.S. Holders are urged to consult with their tax advisors regarding the application of FATCA to the Scheme Consideration.

The above discussion is not intended to constitute a complete analysis of all tax considerations relating to the Schemes. U.S. Holders are urged to consult their own tax advisors concerning the tax considerations of their particular situations.

Hong Kong Taxation

(a) Withholding Tax

No withholding tax in Hong Kong is payable on payment of principal or interest or distribution with respect to the New HY Notes and the Mandatorily Exchangeable Bonds or in respect of any capital gains arising from the sale of the New HY Notes and the Mandatorily Exchangeable Bonds.

(b) Profits Tax

- (i) Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong with respect to assessable profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).
- (ii) Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied, Hong Kong profits tax may be charged on profits arising on the sale, disposal or redemption (as applicable) of the New HY Notes and the Mandatorily Exchangeable Bonds where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.
- (iii) Interest on and distributions from the New HY Notes, the Mandatorily Exchangeable Bonds and any Exchange Convertible Bonds issued pursuant to the Automatic Exchange Transaction will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:
 - (A) a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institutions of its business in Hong Kong; or
 - (B) a corporation carrying on a trade, profession or business in Hong Kong and where the interest or distribution is derived from Hong Kong; or
 - (C) a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and such interest or distribution is with respect

to the funds of the trade, profession or business and where the interest or distribution is derived from Hong Kong.

(c) **Stamp Duty**

No Hong Kong stamp duty will be chargeable upon the issue or the subsequent transfer of the New HY Notes, the Mandatorily Exchangeable Bonds and any Exchange Convertible Bonds issued pursuant to the Automatic Exchange Transaction (for so long as the relevant registers of holders are maintained outside Hong Kong).

PRC Taxation

- (a) The following summary of certain PRC tax consequences of the purchase, ownership and disposition of the New HY Notes and the Mandatorily Exchangeable Bonds is based upon applicable laws, rules and regulations in effect as of the date of the Explanatory Statement, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the New HY Notes and Mandatorily Exchangeable Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the New HY Notes and the Mandatorily Exchangeable Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the New HY Notes and the Mandatorily Exchangeable Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.
- (b) *Taxation on Interest* The Enterprise Income Tax Laws, effective 1 January 2008, impose a tax at the rate of 10% on interest paid to holders of the New HY Notes that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in the PRC or, despite the existence of establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC, to the extent such interest is sourced within the PRC. Pursuant to these provisions of the Enterprise Income Tax Laws, despite many uncertainties with respect to their application, if the Company is considered a PRC resident enterprise, interest payable to non-resident enterprise holders on the New HY Notes and the Mandatorily Exchangeable Bonds may be treated as income derived from sources within the PRC and be subject to the PRC withholding tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified investors in the New HY Notes and the Mandatorily Exchangeable Bonds.
- (c) *Taxation on Capital Gains.* The Enterprise Income Tax Laws, impose a tax at the rate of 10% on capital gains realized by holders of the New HY Notes that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in the PRC or, despite the existence of establishment or place of business in the PRC, the relevant gain is not effectively connected with such establishment or place of business in the PRC, to the extent such capital gains are sourced within the PRC. Pursuant to these provisions of the Enterprise Income Tax Laws, despite many uncertainties with respect to their

application, if the Company is considered a PRC resident enterprise, the capital gains realized by holders of the New HY Notes and the Mandatorily Exchangeable Bonds may be treated as income derived from sources within the PRC and be subject to the PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified investors in the New HY Notes and the Mandatorily Exchangeable Bonds.

- (d) *Stamp duty.* No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of each series of Instruments is maintained outside the PRC) of the New HY Notes and the Mandatorily Exchangeable Bonds.

WHERE YOU CAN FIND MORE INFORMATION

We make available on our website our annual reports and any other reports we are required to prepare to comply with applicable laws as soon as reasonably practicable after they are prepared. Our website address is <http://www.kaisagroup.com/english/Investor/Default.aspx?action=a0&cur=18>. The information contained on our website is not incorporated by reference in the Introductory Document.

We will provide you, free of charge, with a copy of the following documents (the “**Transaction Documents**”):

1. Indenture in respect of the Series A Notes.
2. Indenture in respect of the Series B Notes.
3. Indenture in respect of the Series C Notes.
4. Indenture in respect of the Series D Notes.
5. Indenture in respect of the Series E Notes.
6. New Trust Deed.
7. The CVR Agreement.

You may request these documents by contacting our offices at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands or Suite 2001, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

GENERAL INFORMATION, CLEARANCE AND SETTLEMENT

- **Clearing Systems:** The Instruments have been accepted for clearance through Euroclear and Clearstream. The following table sets forth certain trading information for the Instruments.

Instrument	ISIN	Common Code
Series A Notes	XS1387985424	138798542
Series B Notes	XS1387985770	138798577
Series C Notes	XS1387985853	138798585
Series D Notes	XS1387986075	138798607
Series E Notes	XS1387986158	138798615
MEBs	XS1387987719	138798771

Only Instruments evidenced by a global note representing the New HY Notes or a Global Certificate have been accepted for clearance through Euroclear and Clearstream.

- **Authorizations:** We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands and Hong Kong in connection with the issue and performance of the Instruments and the Subsidiary Guarantees. The entering into of the Transaction Documents and the issue of the Instruments have been authorized by a resolution of the Company's Board of Directors dated 23 March 2016.
- **No Material Adverse Change:** Except as disclosed in this Information Memorandum, there has been no adverse change in our financial condition since the date of the Explanatory Statement that is material in the context of the issue of the Instruments.
- **Documents available:** For so long as any of the Instruments is outstanding, copies of the Transaction Documents may be inspected free of charge during normal business hours on any weekday (except public holidays) at the office of the Issuer.
- **Listing of the Instruments:** Application has been made to the SGX-ST for permission to deal in and the listing and quotation of the Instruments on the SGX-ST. Such permission will be granted when the Instruments have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Instruments to the Official List of the SGX-ST and quotation of any Instruments on the SGX-ST are not to be taken as an indication of the merits of the Instruments or of the Company, the Subsidiary Guarantees, the Subsidiary Guarantors, their respective subsidiaries (if any), their respective associated

companies (if any), their respective joint venture companies (if any) or such Instruments. If the application to the SGX-ST to list the Instruments is approved, for so long as such Instruments are listed on the SGX-ST and the rules of the SGX-ST so require, such Instruments will be traded on the SGX-ST in a minimum board lot size of at least US\$200,000. For so long as the Instruments are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Instruments may be presented or surrendered for payment or redemption, in the event that any Global Notes are exchanged for definitive Instruments. In addition, in the event that a Global Note is exchanged for definitive Instruments, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST, and such announcement shall include all material information with respect to the delivery of the definitive Instruments, including details of the paying agent in Singapore.

The Issuer cannot assure the liquidity of the trading market for the Instruments. If an active trading market for any of the Instruments does not develop, the market price and liquidity of such Instruments may be adversely affected. If any Instruments are traded, the trading price of such Instruments will depend on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

APPENDIX A
FORM OF INDENTURE

KAISA GROUP HOLDINGS LTD.

and

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

and

The entities listed on Schedule I hereto
as initial Subsidiary Guarantors

Indenture

Dated as of July 21, 2016

Series [•] Variable Rate Senior Notes due [•]

CROSS-REFERENCE TABLE

<u>Trust Indenture Act Section</u>	<u>Indenture Section</u>
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	7.11
(a)(4)	N.A
(a)(5)	7.07 (e)
(b)	7.01(c),7.07(a), 7.07(b), 7.10
311(a)	7.01 (c)
(b)	7.01 (c)
312(a)	2.12
(b)	12.03(d)
(c)	12.03(d)
313(a)	7.01(e)
(b)(1)	7.01(e)
(b)(2)	7.01(e)
(c)	7.01(e)
(d)	7.01(e)
314(a)	4.20, 6.08
(b)	10.01(b)(iii), 10.01(d)
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A
(d)	10.06
(e)	12.05
(f)	N.A
315(a)	7.01(b), 7.02(b)
(b)	7.05
(c)	7.01(b)
(d)	7.01(d)
(e)	6.13
316(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	9.02
(b)	6.07, 9.02
(c)	9.02(d)
317(a)(1)	6.09
(a)(2)	6.10
(b)	4.01(a)
318(a)	12.02

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EXHIBITS

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EXHIBIT B	<i>[Intentionally Left Blank]</i>	
EXHIBIT C	<i>[Intentionally Left Blank]</i>	
EXHIBIT D	<i>Form of Global Note</i>	
EXHIBIT E-1	<i>Form of Authorization Certificate</i>	
EXHIBIT E-2	<i>Form of Authorization Certificate</i>	
EXHIBIT F-1	<i>[Intentionally Left Blank]</i>	
EXHIBIT F-2	<i>[Intentionally Left Blank]</i>	
EXHIBIT G	<i>[Intentionally Left Blank]</i>	
EXHIBIT H	<i>Supplemental Indenture</i>	
EXHIBIT I	<i>Form of Compliance Certificate</i>	
EXHIBIT J	<i>Trustee, Paying Agent and Registrar</i>	
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SCHEDULE III	<i>Transactions with Shareholders and Affiliates Pursuant to Agreements in Effect on the Exchange Date</i>	

INDENTURE, dated as of [•], 2016, among Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands, as the Company, the Subsidiary Guarantors listed in Schedule I hereto, and Wilmington Trust, National Association, as Trustee.

RECITALS

WHEREAS, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of US\$[•] aggregate principal amount of the Company's Series [•] Variable Rate Senior Notes due [•] and, if and when issued, any Additional Notes and PIK Notes as provided herein (the "Notes"). All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done, and the Company has done all things necessary to make the Notes (in the case of the Additional Notes or PIK Notes, when duly authorized), when executed by the Company and authenticated and delivered by the Registrar and duly issued by the Company, the valid obligations of the Company as hereinafter provided.

WHEREAS, the Subsidiary Guarantors party hereto have duly authorized the execution and delivery of this Indenture as guarantors of the Notes. All things necessary to make this Indenture a valid agreement of each Subsidiary Guarantor, in accordance with its terms, have been done, and each Subsidiary Guarantor has done all things necessary to make the Subsidiary Guarantees, when the Notes are executed by the Company and authenticated and delivered by the Registrar and duly issued by the Company, the valid obligations of such Subsidiary Guarantor as hereinafter provided.

WHEREAS, pursuant to the Security Documents (as defined herein), the initial Subsidiary Guarantor Pledgors (as defined herein) and the Company have agreed to grant a security interest in the Collateral (as defined herein) to the Trustee in order to secure the obligations of the Company under the Notes and this Indenture and of such Subsidiary Guarantor Pledgor under its Subsidiary Guarantee.

THIS INDENTURE WITNESSETH

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, the parties hereto covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

DEFINITIONS

Definitions. "**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Additional Amounts**" has the meaning set forth in Section 4.21.

"**Additional Notes**" has the meaning set forth in Section 2.09.

“**Additional New HY Notes**” means Additional Notes and additional [Series A, Series B Notes, Series C Notes, Series D Notes and Series E Notes]².

“**Affiliate**” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Affiliate Transaction**” has the meaning set forth in Section 4.15.

“**Agent**” means any Registrar or Paying Agent as the context requires.

“**Applicable Redemption Price**” means an amount equal to the aggregate principal amount of the Notes outstanding multiplied by the redemption price that would be applicable to the redemption of the Notes under Section 3.02 as of the Debt Proceeds Redemption Date, plus any accrued and unpaid interest to (but excluding) the Debt Proceeds Redemption Date.

“**Asset Acquisition**” means (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“**Asset Disposition**” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary which accounts for all or substantially all of the assets of such Restricted Subsidiary.

“**Asset Sale**” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of the Capital Stock of any Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided that* “Asset Sale” shall not include:

(1) sales, transfers or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

² Delete as appropriate.

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Section 4.07;

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered in Section 5.01; and

(7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary to the Company or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended.

“Authorization Certificate” has the meaning set forth in Section 2.02.

“Authorized Officer” means, with respect to the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, any one officer or director, who, in each case, is authorized to represent the Company, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, in each case as evidenced to the Trustee in an Authorization Certificate.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to effect exchange of currencies or remit money onshore or offshore.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the location of the Corporate Trust Office, The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Exchange Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Certificated Notes” means the Notes, in certificated, registered form, executed and delivered by the Company (and the Subsidiary Guarantors) and authenticated by the Registrar in exchange for the Global Notes, in the event that (1) Euroclear or Clearstream is at any time unwilling or unable to act as a depository for the Global Notes and a successor depository is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, (2) either Euroclear or Clearstream, or a successor depository is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so or (3) an Event of Default has occurred and is continuing with respect to the Notes.

“Change of Control” means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any “person” (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such

surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) the Permitted Holders are the beneficial owners of less than 35.0% of the total voting power of the Voting Stock of the Company;

(4) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of the total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;

(5) individuals who on the Exchange Date constituted the Board of Directors (together with any new directors whose election was approved by a vote of at least two-thirds of the members of the Board of Directors then in office who were members of the Board of Directors on the Exchange Date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(6) the adoption of a plan relating to the liquidation or dissolution of the Company.

“**Change of Control Offer**” has the meaning set forth in Section 4.13.

“**Change of Control Triggering Event**” means the occurrence of both a Change of Control and a Rating Decline.

“**Clearstream**” means Clearstream Banking, S.A., its affiliates and its successors or assigns.

“**Closing Price**” means, with respect to any Trading Day, the price for such day published in the Daily Quotation Sheet published by The Stock Exchange of Hong Kong Limited or, as the case may be, the equivalent quotation sheet of any other securities exchange on which the Company’s ordinary shares are at any time listed for trading.

“**Collateral**” means all collateral securing, or purported to be securing, directly or indirectly, the Notes or any Subsidiary Guarantee pursuant to the Security Documents, and shall initially consist of the Capital Stock of the initial Subsidiary Guarantors.

“**Commercial Properties Group**” means the group of Subsidiaries of the Company holding an interest in hotels and commercial properties.

“**Commodity Agreement**” means any spot, forward, swap or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“**Common Depository**” means Citibank Europe plc, as common depository for Euroclear and Clearstream.

“**Common Security Trustee**” means Citicorp International Limited as the shared security agent under the Intercreditor Agreement.

“**Common Stock**” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or

non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Exchange Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

"Company" means the party named as such in the first paragraph of this Indenture or any successor obligor under this Indenture and the Notes pursuant to this Indenture.

"Consolidated Assets" means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries' proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may include internal consolidated financial statements).

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains or losses or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary and (ii) in the case of any PRC CJV consolidated in accordance with GAAP, Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"Consolidated Fixed Charges" means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or dividends paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest on Indebtedness of any other Person that is guaranteed by the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest is actually paid by the Company or any Restricted Subsidiary and (vii) any capitalized interest; *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items (other than any net after-tax gains in connection with the sale of Guangzhou Jiasui Shine Co., Ltd.) shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person during such period;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after-tax gains realized on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary or (B) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or any Restricted Subsidiary), in each case, which is not sold in the ordinary course of business of the Company or any Restricted Subsidiary;

(6) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains,

provided that any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Corporate Trust Office” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of this Indenture is located at Wilmington Trust, National Association, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890, United States of America.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement, currency hedge agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“CVR” means the contingent value rights issued by the Company on the Exchange Date, after the Schemes of Arrangement have been sanctioned, issued pursuant to the CVR Agreement.

“CVR Agreement” means the Contingent Value Rights Agreement, dated as of the Exchange Date, between the Company and U.S. Bank National Association, as CVR Trustee.

“CVR Settlement Date” has the same meaning ascribed to it in the CVR Agreement.

“CVR Triggering Event” has the same meaning ascribed to it in the CVR Agreement.

“Debt Proceeds Redemption Amount” means an amount equal to the Net Cash Proceeds of any issuance of Future Permitted Pari Passu Secured Indebtedness multiplied by the ratio of (i) the aggregate principal amount of the Notes outstanding to (ii) the aggregate principal amount of Existing Permitted Pari Passu Secured Indebtedness outstanding, rounded down to the nearest US\$1; *provided* that, to the extent that any portion of the Net Cash Proceeds of any issuance of Future Permitted Pari Passu Secured Indebtedness are not to be applied to repurchase or redeem any Existing Permitted Pari Passu Secured Indebtedness (whether due to a prohibition in the terms of such Existing Permitted Pari Passu Secured Indebtedness or otherwise, such Indebtedness being **“Excluded Pari Passu Indebtedness”**), the aggregate principal amount of such Excluded Pari Passu Indebtedness shall be excluded from the aggregate principal amount of Existing Permitted Pari Passu Secured Indebtedness for the purposes of making the calculation under clause (ii) hereunder.

“Debt Proceeds Redemption Date” means the 30th day following the issuance of the notice of redemption with respect to an issuance of Future Permitted Pari Passu Secured Indebtedness.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in Section 4.13 and Section 4.14 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of the Notes as are required to be repurchased pursuant to Section 4.13 and Section 4.14.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits or bank accounts made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

“Euroclear” means Euroclear Bank SA/NV, its affiliates and its successors or assigns.

“Event of Default” has the meaning set forth in Section 6.01.

“**Excess Proceeds**” has the meaning set forth in Section 4.14.

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

“**Exchange Convertible Bond PIK Interest**” means the interest that is capitalized and added to the then current outstanding principal amount of the Exchange Convertible Bonds pursuant to the terms of the Exchange Convertible Bonds.

“**Exchange Convertible Bonds**” means the U.S. dollar-denominated variable rate convertible bonds due 2019 issued by the Company pursuant to the terms of the Mandatorily Exchangeable Bonds and any Exchange Convertible Bond PIK Interest with respect thereto.

“**Exchange Date**” means the date on which the Notes are originally issued under this Indenture, after the Schemes of Arrangement have been sanctioned.

“**Exempted Subsidiary**” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee or create any Lien over its Capital Stock to secure any of the secured obligations subject to the Intercreditor Agreement; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee, JV Subsidiary Guarantee or Lien over its Capital Stock, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“**Existing Non-Guarantor Subsidiaries**” means the PRC Restricted Subsidiaries and the Other Non-Guarantor Subsidiaries.

“**Existing Permitted Pari Passu Secured Indebtedness**” means the New HY Notes and the Mandatorily Exchangeable Bonds outstanding on the Exchange Date and any Exchange Convertible Bonds which are issued pursuant to the terms of the Mandatory Exchangeable Bonds, and any PIK Notes and Indebtedness resulting from the payment in kind of interest pursuant to the terms of the indentures governing the New HY Notes in the form of PIK Notes (as defined in such indentures), Mandatorily Exchangeable Bond PIK Interest or Exchange Convertible Bond PIK Interest with respect thereto.

“**Fair Market Value**” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“**Fixed Charge Coverage Ratio**” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarter periods prior to such Transaction Date for which consolidated financial statements of the

Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements) (the “**Four Fiscal-Quarter Period**”) to (2) the aggregate Consolidated Fixed Charges during such Four Fiscal-Quarter Period. In making the foregoing calculation:

(A) *pro forma* effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the “**Reference Period**”) commencing on and including the first day of the Four Fiscal-Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Fiscal-Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that in the event of any such repayment or redemption, Consolidated EBITDA for such Four Fiscal-Quarter Period shall not include any interest income actually earned by the Company or such Restricted Subsidiary during such Four Fiscal-Quarter Period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;

(B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) *pro forma* effect shall be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period;

(D) *pro forma* effect shall be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period; and

(E) *pro forma* effect shall be given to the creation, designation or re-designation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or re-designation had occurred on the first day of such Reference Period;

provided that, to the extent that clause (C) or (D) of this paragraph requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“**Future Permitted Pari Passu Secured Indebtedness**” has the meaning set forth in Section 4.22.

“**Future Subsidiary Guarantor**” has the meaning set forth in Section 11.09.

“**Future Subsidiary Guarantor Pledgor**” has the meaning set forth in Section 10.02.

“**GAAP**” means Hong Kong Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in this Indenture shall be computed in conformity with GAAP applied on a consistent basis.

“**Global Note**” has the meaning set forth in Section 2.04.

“**guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“**Guaranteed Indebtedness**” has the meaning set forth in Section 4.12.

“**Hedging Obligation**” of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

“**Holder**” means the Person in whose name a Note is registered in the Note register.

“**Incur**” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“**Indebtedness**” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

- (3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligation, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business, (2) any Entrusted Loan; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet) or (3) any obligations in respect of the CVRs.

The amount of Indebtedness of any Person at any time shall be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* that:

- (A) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (B) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest;
- (C) that the amount of Indebtedness with respect to any Hedging Obligation shall be (x) zero if Incurred pursuant to clause (vi) of Section 4.06(b) or (y) equal to the net amount payable by such Person if the Commodity Agreement, Currency Agreement or

Interest Rate Agreement giving rise to such Hedging Obligation were terminated at that time due to default by such Person if not Incurred pursuant to such clause; and

(D) that the contingent obligations arising from letters of credit, bankers' acceptances or other similar instruments of a Restricted Subsidiary to secure Indebtedness of another Restricted Subsidiary shall not be deemed to be Indebtedness so long as such contingent obligations are used to secure the payment of Indebtedness of another Restricted Subsidiary permitted to be Incurred under this Indenture.

"Independent Third Party" means any Person that is not an Affiliate of the Company.

"Insurance Company Investor" means an Independent Third Party that is a financial institution or an insurance company organized under the laws of the PRC or an Affiliate thereof that invests in any Capital Stock of a PRC Restricted Subsidiary.

"Intercreditor Agreement" means the Amended and Restated Intercreditor Agreement, dated as of the Exchange Date, among the Company, the Subsidiary Guarantor Pledgors, Wilmington Trust, National Association as the trustee for the New HY Notes, U.S. Bank National Association as the bond trustee with respect to the Mandatorily Exchangeable Bonds and Citicorp International Limited as the shared security agent (the **"Common Security Trustee"**), as supplemented or amended from time to time.

"Interest Payment Date" has the meaning specified in the Form of Note attached hereto as Exhibit A and Exhibit D.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"Interest Record Date" has the meaning specified in the Form of Note attached hereto as Exhibit A and Exhibit D.

"Investment" means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person,
- (ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others),
- (iii) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person, or
- (iv) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person.

For the purposes of the provisions of Section 4.07 and Section 4.18: (i) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal

to the Fair Market Value of the Company's proportionate interest in the assets (net of the Company's proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation and (ii) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"Investment Property" means any property that is owned and held by any Restricted Subsidiary incorporated under the laws of the PRC for long-term rental yields or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

"Investment Grade" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or any of its successors or assigns or a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's or any of its successors or assigns or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P or Moody's or both, as the case may be.

"Judgment Currency" has the meaning set forth under Section 7.12.

"JV Entitlement Amount" means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal quarter end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"JV Subsidiary Guarantee" has the meaning set forth under Section 11.01.

"JV Subsidiary Guarantor" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"Mandatorily Exchangeable Bond PIK Interest" means the interest that is capitalized and added to the then current outstanding principal amount of the Mandatorily Exchangeable Bonds pursuant to the terms of the Mandatorily Exchangeable Bonds.

"Mandatorily Exchangeable Bonds" means the U.S. dollar-denominated variable rate mandatorily exchangeable bonds due 2019 issued by the Company on the Exchange Date and any Mandatorily Exchangeable Bond PIK Interest with respect thereto.

“Measurement Date” means April 28, 2010.

“Minority Joint Venture” means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture’s Subsidiaries.

“Moody’s” means Moody’s Investors Service, Inc., its affiliates and its successors or assigns.

“Net Cash Proceeds” means:

(a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of

(1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;

(2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

(3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP;

(b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof; and

(c) with respect to the issuance of Future Permitted Pari Passu Secured Indebtedness, the cash proceeds of such issuance, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant

and other fees incurred in connection with such issuance and net of taxes paid or payable as a result thereof.

“**New HY Notes**” means the Series A Notes, the Series B Notes, the Series C Notes, the Series D Notes and the Series E Notes; each, a “**series**.”

“**New Non-Guarantor Subsidiaries**” has the meaning assigned to such term in Section 11.09(c).

“**Non-Guarantor Subsidiary**” means any Restricted Subsidiary not providing a Subsidiary Guarantee or JV Subsidiary Guarantee.

“**Non-Restructured Onshore Debt**” means Onshore Debt of the Company or any Restricted Subsidiary outstanding on the Exchange Date (other than Restructured Onshore Debt).

“**Notes**” has the meaning assigned to such term in the Recitals.

“**Offer to Purchase**” means an offer to purchase the Notes by the Company from the Holders commenced by sending a notice to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

(1) the provision of this Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is sent) (the “**Offer to Purchase Payment Date**”);

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note pursuant to the applicable procedures of Euroclear and Clearstream, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the order of the Company’s agent (the “**Tender Agent**”) appointed for the purpose of the Offer to Purchase with a copy to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of the Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered;

provided that each Note purchased and each new Note issued shall be in a principal amount of US\$1,000 and integral multiples of US\$1 in excess thereof. Notwithstanding the foregoing, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount.

One Business Day prior to the Offer to Purchase Payment Date, the Company will deposit with the Tender Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Paying Agent all Notes or portions thereof so accepted together with an Officers' Certificate (with a copy to the Trustee) specifying the Notes or portions thereof accepted for payment by the Company. The Tender Agent shall promptly send to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar shall as soon as reasonably practicable authenticate and deliver to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each such Note purchased and each such new Note issued shall be in a principal amount of US\$1,000 and integral multiples of US\$1 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations, in the event that the Company is required to repurchase the Notes pursuant to an Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or a JV Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officers' Certificate” means a certificate signed by two Officers; *provided, however,* with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor or JV Subsidiary Guarantor under this Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or JV Subsidiary Guarantor at the time such certificate is required to be delivered.

“Onshore Debt” has the meaning set forth in Section 6.04(b).

“Opinion of Counsel” means a written opinion from legal counsel which is reasonably acceptable to the Trustee.

“Other Non-Guarantor Subsidiaries” means Ace Start Enterprises Limited (佳始企业有限公司), Bowen Asset Management (Cayman) Limited (宝运资产管理(开曼)有限公司), Bowen Asset Management Limited (宝运资产管理有限公司), Brave Sigh Limited (勇志

有限公司), Brave Sigh (Hong Kong) Limited (勇志(香港)有限公司), Central Sino Investments Limited (正汉投资有限公司), Central Sino Investments (Hong Kong) Limited (正汉投资(香港)有限公司), Crest Sum Limited (总冠有限公司), Crest Sum (Hong Kong) Limited (总冠(香港)有限公司), Glorious Model Limited (荣程有限公司), Glorious Model (Hong Kong) Limited (荣程(香港)有限公司), Goldenform Investments Limited (崇坚投资有限公司), Greater Sail Limited (顺帆有限公司), Greater Sail (Hong Kong) Limited (顺帆(香港)有限公司), Hao Xi Holdings Limited (豪熙控股有限公司), Hao Xi Holdings (Hong Kong) Limited (豪熙控股(香港)有限公司), Heroic Lead Limited (杰领有限公司), Heroic Lead (Hong Kong) Limited (杰领(香港)有限公司), Huang Da Limited (煌达有限公司), Huang Da (Hong Kong) Limited (煌达(香港)有限公司), Kaisa Logistic Group Limited (佳兆业物流集团有限公司), Kaisa Technology Limited (佳兆业科技有限公司), Kaisa Ventures Limited (佳兆业创投有限公司), Kaisa Ventures (Hong Kong) Limited (佳兆业创投(香港)有限公司), Luxuriant Year Limited (茂年有限公司), Luxuriant Year (Hong Kong) Limited (茂年(香港)有限公司), Onfair Asia Pacific Limited (安信亚太有限公司), Peiyu Limited (沛裕有限公司), Peiyu (Hong Kong) Investments Limited (沛裕(香港)投资有限公司), Pointer Star Limited (尖星有限公司), Portwood Global Limited (港活环球有限公司), Portwood Global (Hong Kong) Limited (港活环球(香港)有限公司), Richedge Limited (博锋有限公司), Richedge (Hong Kong) Limited (博锋(香港)有限公司), Right Year Developments Limited (伟年发展有限公司), Right Year Developments (Hong Kong) Limited (伟年发展(香港)有限公司), Soarhigh Developments Limited (展升发展有限公司), Soarhigh Developments (Hong Kong) Limited (展升发展(香港)有限公司), Splendid Maple Limited (烨枫有限公司), Splendid Maple (Hong Kong) Limited (烨枫(香港)有限公司), Superb Mega Limited (超旭有限公司), Super Winful Limited (超全有限公司), Tong Sheng Investments Limited (通升投资有限公司), Tong Sheng Investments (Hong Kong) Limited (通升投资(香港)有限公司), Yuan Yuan Investment Company Limited (远源投资有限公司), Action Enrich Limited, Action Enrich (Hong Kong) Investment Limited, Sunny Harvest Investments Limited, Sunny Harvest Investments (Hong Kong) Limited, Sunny Sino Investments Limited and Sunny Sino Investments (Hong Kong) Limited.

“**outstanding**” when used with respect to the Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(i) Notes theretofore cancelled by the Paying Agent or accepted by the Paying Agent for cancellation;

(ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Paying Agent for the Holders of such Notes; *provided* that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture.

A Note does not cease to be outstanding because the Company or any Affiliate of the Company holds the Note; *provided* that in determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Notes owned by the Company or any Affiliate

of the Company shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to act with respect to such Notes and that the pledgee is not the Company or an Affiliate of the Company. For the avoidance of doubt, the aggregate principal amount outstanding under any Note shall include any increase in the outstanding principal amount of such Note as the result the issuance of PIK Notes, if any.

“Pari Passu Guarantee” means a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional New HY Notes), any Subsidiary Guarantor or any JV Subsidiary Guarantor; *provided* that (i) the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor is permitted to Incur such Indebtedness under Section 4.06 and (ii) such guarantee ranks *pari passu* with the Subsidiary Guarantee of such Subsidiary Guarantor or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Paying Agent” means the initial paying and transfer agent with respect to the Notes appointed pursuant to a Paying Agent and Registrar Appointment Letter in the form of Exhibit K or any successor thereto and any paying and transfer agent with respect to the Notes subsequently appointed pursuant to a paying and transfer agent and registrar agreement or letter of appointment.

“Payment Date” shall have the meaning set forth in Section 4.01.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under Section 4.13 or an Offer to Purchase in the manner described under Section 4.14 or (4) any Event of Default specified in Section 6.01(e).

“Permitted Business” means any business conducted by the Company and its Restricted Subsidiaries on the Exchange Date and other businesses reasonably related, ancillary or complementary thereto.

“Permitted Holders” means any or all of the following:

- (1) Mr. Kwok Ying Shing, Mr. Kwok Chun Wai and Mr. Kwok Ying Chi;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of “Affiliate”) of any of the Persons specified in clause (1) of this definition; and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are at least 80% owned by Persons specified in clauses (1) and (2) of this definition.

“Permitted Indebtedness” has the meaning set forth in Section 4.06(b).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business.
- (2) Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates and not for speculation;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with Section 4.14;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under Section 4.08;
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be incurred under this Indenture;
- (11) Investments in securities of trade creditors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of a Permitted Business that are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of a Permitted Business;

(14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;

(15) (i) deposits made in order to secure the performance of the Company or any Restricted Subsidiary, (ii) prepayments made in connection with the acquisition of real property or land use rights by the Company or any Restricted Subsidiary, in each case, in the ordinary course of a Permitted Business and (iii) advances to government authorities or government affiliated entities in the PRC in connection with the financing of redevelopment of old urban areas or primary land development, in each case, in the ordinary course of business that are recorded as assets on the Company's consolidated balance sheet; and

(16) any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person; *provided* that:

(a) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;

(b) none of the other shareholders of or partners in such Person is a Person described in clauses (x) or (y) of Section 4.15(a) (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, a Minority Joint Venture or an Unrestricted Subsidiary or by reason of being a Restricted Subsidiary, a Minority Joint Venture or an Unrestricted Subsidiary);

(c) in the case of any Investment by the Company or any Restricted Subsidiary in a Person of which less than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by the Company or its Restricted Subsidiaries, at the time of such Investment, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in Section 4.06(a); *provided* that, this paragraph (c) shall not apply if such Investment would otherwise have been permitted under this clause (16) and such Investment, together with the aggregate amount of all other Investments made in reliance on this proviso since the Exchange Date, shall not exceed in aggregate an amount equal to 10% of Total Assets (such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made in reliance on this proviso since the Exchange Date resulting from the events set forth in paragraphs (e)(i) through (e)(iii) of this clause (16), where references in such clauses to "under this clause (16)" shall be substituted with "in reliance on the proviso in paragraph (c) of this clause (16)");

(d) no Default has occurred and is continuing or would occur as a result of such Investment; and

(e) such Investment, together with the aggregate of all other Investments made under this clause (16) since the Exchange Date shall not exceed in aggregate an amount equal to 20% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (16) since the Exchange Date resulting from:

(i) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (16), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),

(ii) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Exchange Date under this clause (16) of an obligation of any such Person, or

(iii) to the extent that an Investment made after the Exchange Date under this clause (16) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Exchange Date in any such Person under this clause (16);

provided, further, that, for the avoidance of doubt, the value of each Investment made pursuant to this clause (16) shall be valued at the time such Investment is made;

(17) guarantees permitted under Section 4.06(b)(xxi); and

(18) any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Subsidiaries in the Commercial Properties Group in connection with the Restructuring upon designation of such Subsidiaries in the Commercial Properties Group as Unrestricted Subsidiaries, *provided* that (A) (i) the Board of Directors of the Company has determined in good faith that the designation of such Subsidiaries in the Commercial Properties Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the Restructuring, (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company, and (iii) at the time of such designation, the members of the Restructuring Group remain primarily engaged in the Permitted Businesses; and (B) the aggregate of all Investments made under this clause (18) since the Exchange Date shall not exceed an amount equal to 10% of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 10% of Total Assets shall not constitute a Permitted Investment pursuant to this clause (18) but may be made, characterized and accounted for in accordance with the other provisions of this Indenture and *provided further* that, at the time when (x) the Company ceases to hold, directly or indirectly, at least 30% of the Voting Stock of any entity so designated as an Unrestricted Subsidiary or (y) any Person or group of Persons other than the Company and its Subsidiaries acquires a higher percentage of the Voting Stock of such entity than the percentage held directly or indirectly by the Company, the Company will be deemed to make an Investment in such entity equal to the Fair Market Value of any Investment that the Company retains, directly or indirectly, in such entity immediately following such event.

“Permitted Liens” means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) any interest or title of a lessor in the property subject to any operating lease;
- (7) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (8) Liens in favor of the Company or any Restricted Subsidiary;
- (9) Liens arising from attachment or the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (10) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (11) Liens existing on the Exchange Date and Liens securing any Indebtedness Incurred pursuant to Section 4.06(b)(i), Section 4.06(b)(xxiii) and Section 4.06(b)(xxiv);
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (v) of Section 4.06(b); *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced and the new Lien has no greater priority than the original Lien; and *provided further* that any Future Permitted Pari Passu Secured Indebtedness complies with each of the requirements set forth under Section 4.22;

(13) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (vii) of Section 4.06(b), (b) such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (c) the principal amount of Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (d) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; *provided* that, such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is Incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated statements)) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets subject to Liens Incurred pursuant to this clause (13) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

(14) Liens under the Security Documents;

(15) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (xiii) of Section 4.06(b);

(16) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(17) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (vi) of Section 4.06(b);

(18) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(19) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(20) Liens on deposits made in order to secure the performance of the Company or any Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including, without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital

Stock of a Person) in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(21) Liens granted by the Company or any PRC Restricted Subsidiary in favor of any Insurance Company Investor to secure the obligations of a Subsidiary of such PRC Restricted Subsidiary to pay a guaranteed or preferred dividend or return on Capital Stock of such Subsidiary held by such Insurance Company Investor permitted to be Incurred under clause (xvi) of Section 4.06(b);

(22) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary incorporated under the laws of the PRC permitted to be Incurred under clause (xix) of Section 4.06(b);

(23) Liens Incurred on cash deposits, bank accounts or other assets of the Company or any Restricted Subsidiary to secure Bank Deposit Secured Indebtedness of the type described under clause (xx) of Section 4.06(b);

(24) Liens on current assets securing Indebtedness permitted to be Incurred under clause (xiv) of Section 4.06(b);

(25) Liens to secure Entrusted Loans;

(26) Liens securing Indebtedness permitted to be Incurred under clause (xvii) of Section 4.06(b);

(27) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (xv) of Section 4.06(b);

(28) Liens securing Indebtedness Incurred under clause (xxi) of Section 4.06(b);
and

(29) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in Section 4.06(a).

“Permitted Pari Passu Secured Indebtedness” has the meaning set forth in Section 4.22.

“Permitted Refinancing Indebtedness” has the meaning set forth in Section 4.06(b).

“Permitted Subsidiary Indebtedness” means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole (but excluding the amount of any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses (i), (ii), (iv), (vi) and (xiii) of Section 4.06(b)); *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness does not exceed an amount equal to 15.0% of Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“**PIK Interest**” means interest on the Notes paid in the form of PIK Notes.

“**PIK Notes**” has the meaning set forth in Section 2.07.

“**PRC**” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan.

“**PRC CJV**” means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 31, 2000) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

“**PRC CJV Partner**” means with respect to a PRC CJV, the other party or parties to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“**PRC Restricted Subsidiary**” means a Restricted Subsidiary organized under the laws of the PRC.

“**Preferred Stock**” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

“**Pre-Registration Mortgage Guarantees**” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“**principal**” of any Indebtedness means the principal amount of such Indebtedness (or if such Indebtedness was issued with original issue discount, the face amount of such Indebtedness *less* the remaining unamortized portion of the original issue discount of such Indebtedness), together with, unless the context otherwise indicates, any premium then payable on such Indebtedness.

“**Public Indebtedness**” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the New HY Notes) to institutional investors.

“**Qualified Exchange**” means either (1) the New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market or Singapore Exchange Securities Trading Limited or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“**Qualified IPO**” means an initial public offering, and a listing of, Capital Stock of a company on a Qualified Exchange, *provided* that, in the case that such listing is on a national

securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of not less than the percentage required by the applicable listing rules.

“Rating Agencies” means (1) S&P and (2) Moody’s and (3) if S&P or Moody’s or both shall not make a rating of the Notes publicly available, one or more “nationally recognized statistical rating organizations”, as the case may be, within the meaning of Section 3(a)(62) of the Exchange Act, selected by the Company, which shall be substituted for S&P or Moody’s or both, as the case may be.

“Rating Category” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means, (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (a) a Change of Control and (b) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under Section 5.01, that date which is 90 days prior to the earlier of (a) the occurrence of any such actions as set forth therein and (b) a public notice of the occurrence of any such actions.

“Rating Decline” means, (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after the date of public notice of the occurrence of a Change of Control (which period will be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below or (2) in connection with actions contemplated under Section 5.01, the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by both Moody’s and S&P on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade;

(b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Register” has the meaning assigned to such term in Section 2.05.

“**Registrar**” has the meaning assigned to such term in Section 2.05.

“**Regulation S**” means Regulation S under the Securities Act.

“**Relevant Jurisdiction**” has the meaning set forth in Section 4.21(a).

“**Responsible Officer**” when used with respect to the Trustee shall mean any officer of the Trustee having direct responsibility for the administration of this Indenture, or to whom corporate trust matters are referred because of that officer’s knowledge of and familiarity with the particular subject.

“**Restricted Payments**” has the meaning assigned to such term in Section 4.07.

“**Restricted Subsidiary**” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“**Restructured Onshore Debt**” has the meaning set forth in Section 6.04(b).

“**Restructuring**” means the restructuring and Qualified IPO of the common shares of a Subsidiary of the Company in the Commercial Properties Group.

“**Restructuring Group**” means the company whose common shares are expected to be offered in the Restructuring and its Subsidiaries.

“**RMB**” means the Renminbi, the lawful currency of the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this Indenture

“**Rule 144A**” means Rule 144A under the Securities Act.

“**S&P**” means Standard & Poor’s Ratings Services, its affiliates and its successors or assigns.

“**Sale and Leaseback Transaction**” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“**Schemes of Arrangement**” means a scheme of arrangement in respect of the Company under sections 673 and 674 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong), and/or a scheme of arrangement in respect of the Company under section 86 of the Companies Law (2013 Revision) as applicable in the Cayman Islands and/or a scheme of arrangement in respect of the Company under Part 26 of the Companies Act 2006 as applicable in England and Wales.

“**SEC**” means the United States Securities and Exchange Commission.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Security Documents**” means, collectively, the pledge or charge agreements and any other agreements or instruments that may evidence or create any security interest in favor of the Common Security Trustee on behalf of the Trustee and/or any Holders in any or all of the Collateral.

“**Senior Indebtedness**” of the Company or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or such Restricted Subsidiary, as relevant, whether outstanding on the Exchange Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee; or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of this Indenture.

“**Series A Notes**” means the variable rate senior notes due December 31, 2019, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$[●].

“**Series B Notes**” means the variable rate senior notes due June 30, 2020, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$[●].

“**Series C Notes**” means the variable rate senior notes due December 31, 2020, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$[●].

“**Series D Notes**” means the variable rate senior notes due June 30, 2021, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$[●].

“**Series E Notes**” means the variable rate senior notes due December 31, 2021, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$[●].

“**Significant Restricted Subsidiary**” means a Restricted Subsidiary, or a group of Restricted Subsidiaries, that would, when taken together, be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Exchange Date; *provided* that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“**Staged Acquisition Agreement**” means an agreement between the Company or any Restricted Subsidiary and an Independent Third Party pursuant to which the Company or such Restricted Subsidiary agrees to (x) acquire not less than a majority of the Capital Stock of a Person (which owns land use rights in respect of parcels of land suitable for Permitted Business) (the “**Minimum Initial Purchase**”) from such Independent Third Party and pay for the Minimum Initial Purchase in full or in installments at a purchase price that is not more than the Fair Market Value of such Capital Stock on the date of such agreement and/or (y) on or after the payment in full of the purchase price for the Minimum Initial Purchase and such Person becomes a Restricted Subsidiary, (i) acquire additional shares of Capital Stock of such Restricted Subsidiary from such Independent Third Party and pay for such additional shares in full or in installments after the date of such agreement at a purchase price that is not more than the Fair Market Value of such Capital Stock on the date of such agreement or (ii) acquire additional shares of Capital Stock of such Restricted Subsidiary from such Independent Third Party in accordance with a “right of first refusal” or “right of first offer”

type of provision in such agreement at a purchase price that is not more than the Fair Market Value of such Capital Stock on or about the date of such purchase.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Shareholder Loan” means any unsecured loan to the Company or any Restricted Subsidiary from Permitted Holders which (i) is expressly subordinated in right of payment to the Notes, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) by its terms does not provide any cash payment of interest.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the outstanding Voting Stock is owned, directly or indirectly, by such Person and which is “controlled” and consolidated by such Person in accordance with GAAP.

“Subsidiary Guarantee” means any guarantee of the obligations of the Company under this Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to this Indenture and the Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with this Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Subsidiary Guarantor Pledgor” means any initial Subsidiary Guarantor Pledgor named in Schedule II hereto and any other Subsidiary Guarantor which pledges Collateral to secure the obligations of the Company under the Notes and this Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee; *provided* that a Subsidiary Guarantor Pledgor will not include any Person whose pledge under the Security Documents has been released in accordance with the Security Documents, this Indenture and the Notes.

“Surviving Person” shall have the meaning as set forth in Section 5.01(a)(i).

“Tax Redemption Date” shall have the meaning as set forth in Section 3.01.

“Temporary Cash Investment” means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of the foregoing or obligations fully and unconditionally guaranteed by the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of the foregoing, in each case maturing within one year;

(2) time deposit accounts, certificates of deposit, demand notes and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof and rated at least “A” by S&P or Moody’s;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;

(7) time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank or financial institution organized under the laws of the PRC or Hong Kong; and

(8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC or Hong Kong if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“**TIA**” or “**Trust Indenture Act**” means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb), as amended and in effect from time to time.

“**Total Assets**” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are

available (which may include internal consolidated financial statements); *provided* that only with respect to clause (vii) of Section 4.06(b) and the definition of “Permitted Subsidiary Indebtedness”, Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness.

“**Trade Payables**” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“**Trading Day**” means a day when The Stock Exchange of Hong Kong Limited or, as the case may be, any other securities exchange on which the Company’s ordinary shares are at any time listed for trading, is open for dealing business, *provided* that if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

“**Transaction Date**” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“**Trustee**” means the party named as such in the first paragraph of this Indenture or any successor trustee under this Indenture pursuant to Article VII.

“**Unrestricted Subsidiary**” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided herein and (2) any Subsidiary of an Unrestricted Subsidiary.

“**U.S. Government Obligations**” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“**Voting Stock**” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“**Wholly Owned**” means, with respect to any Subsidiary of any Person, the ownership of 100% of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

Rules of Construction. Unless the context otherwise requires or except as otherwise expressly provided,

an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

“herein,” “hereof” and other words of similar import refer to this Indenture as a whole and not to any particular Section, Article or other subdivision;

all references to Sections or Articles or Exhibits refer to Sections or Articles or Exhibits of or to this Indenture unless otherwise indicated; and

references to agreements or instruments, or to statutes or regulations, are to such agreements or instruments, or statutes or regulations, as amended from time to time (or to successor statutes and regulations).

ISSUE, EXECUTION, FORM AND REGISTRATION OF NOTES

Authentication and Delivery of Notes and Subsidiary Guarantees and JV Subsidiary Guarantees. Upon the execution and delivery of this Indenture, or from time to time thereafter, Notes may be executed and delivered by the Company in an initial aggregate principal amount outstanding of not more than US\$[●] (other than PIK Notes issued pursuant to Section 2.07 and Additional Notes issued pursuant to Section 2.09) to the Registrar for authentication, accompanied by an Officers’ Certificate of the Company directing such authentication and specifying the amount of Notes to be authenticated, the applicable rate at which interest will accrue on such Notes, the date on which the original issuance of such Notes is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes, Subsidiary Guarantees and JV Subsidiary Guarantees (if any). The Registrar shall thereupon authenticate and deliver said Notes to or upon the written order of the Company (as set forth in such Officers’ Certificate). The Company will provide Opinions of Counsel to the Trustee confirming, among other things, that the issuance of Notes and the execution and delivery of the Indenture are duly authorized and the Notes constitute legal, valid, binding and enforceable obligations of the Company.

Execution of Notes, Subsidiary Guarantees and JV Subsidiary Guarantees. (a) The Notes shall be executed by or on behalf of the Company by the signature of an Authorized Officer of the Company. Such signatures may be the manual or facsimile signature of the present or any future Authorized Officer. With the delivery of this Indenture, the Company and each of the Subsidiary Guarantors is furnishing, and from time to time

thereafter, the Company, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) may furnish, a certificate substantially in the form of Exhibits E-1 and E-2 (an “**Authorization Certificate**”) identifying and certifying the incumbency and specimen (or facsimile) signatures of the Authorized Officers. Until the Trustee receives a subsequent Authorization Certificate, the Trustee shall be entitled to conclusively rely on the last Authorization Certificate delivered to it for purposes of determining the Authorized Officers. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by the Registrar.

In case an Authorized Officer who shall have signed any of the Notes shall cease to be such Authorized Officer before the Note shall be authenticated and delivered by the Registrar or disposed of by or on behalf of the Company, such Note nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Note had not ceased to be such Authorized Officer; and any Note may be signed on behalf of the Company by such Person as, at the actual date of the execution of such Note, shall be an Authorized Officer, although at the date of the execution and delivery of this Indenture any such Person was not an Authorized Officer.

Certificate of Authentication. Only such Notes as shall bear thereon a certification of authentication substantially as set forth in the forms of the Notes in Exhibits A and D hereto, executed by the Registrar by manual signature of one of its authorized signatories, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certification by the Registrar upon any Note executed by or on behalf of the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

Form, Denomination and Date of Notes; Payments.

(b) The Notes and the Registrar’s certificate of authentication shall be substantially in the form set forth in Exhibits A and D hereto. On the Exchange Date, the Notes shall be issued in the form provided in Section 2.04(c). The Notes shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plans as the Authorized Officer of the Company executing the same may determine with the approval of the Registrar.

The Notes may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, with the rules of any securities market in which the Notes are admitted to trading, or to conform to general usage.

Each Note shall be dated the date of its authentication. Each Note shall bear interest from the date of issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for and shall be payable on the dates and in the forms specified on the face and reverse of the form of Note set forth as Exhibit A hereto. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

On the Exchange Date, an appropriate Authorized Officer will execute and deliver to the Registrar one or more global notes (the “**Global Notes**”) in definitive, fully registered form without interest coupons, in a denomination of US\$1,000 and integral

multiples of US\$1 in excess thereof, substantially in the form of Exhibit D hereto, and may be transferred only in amounts of US\$1,000 or greater; all such Global Notes so executed and delivered to the Registrar pursuant to of this subsection (c) shall be in an aggregate principal amount that shall equal the aggregate principal amount of the Notes that are to be issued on the Exchange Date. The aggregate principal amount of the Global Notes may from time to time be increased or decreased as applicable, to reflect exchanges and redemptions and increased to reflect the making of payments of PIK Interest, by adjustments made on the records of the Common Depositary or its nominee, as hereinafter provided in the Indenture or the Notes. Notwithstanding the foregoing, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount.

Each Global Note (i) shall be delivered by the Registrar to the Common Depositary and shall be registered in the name of the nominee for the Common Depositary, and (ii) shall also bear a legend substantially to the following effect:

“UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE NOMINEE FOR THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE NOMINEE FOR THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN THE COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“**OID**”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the issue date and the yield to maturity relating to the Notes by contacting the Company Secretary at info@kaisagroup.com, telephone +852 3900 0988 or fax +852 3900 0990.”

Global Notes may be deposited with such other Common Depositary as the Company may from time to time designate in writing to the Registrar (with a copy to the Trustee), and shall bear such legend as may be appropriate.

If at any time Euroclear or Clearstream notifies the Company that it is unwilling or unable to continue as a depositary for such Global Notes, the Company shall appoint a successor Common Depositary with respect to such Global Notes. If (i) a successor depositary for such Global Notes is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, (ii) either Euroclear or Clearstream, or a successor depositary is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (iii) any of the Notes has become immediately due and payable in accordance with Section 6.01 or 6.02 and the Company has received a written request from a Holder, the Company will execute, and the Registrar, upon receipt of an Officers' Certificate of the Company directing the authentication and delivery thereof, will authenticate and deliver, Certificated Notes in any authorized denominations in an aggregate principal amount equal to the principal amount of such Global Notes in exchange for such Global Notes.

Global Notes shall in all respects be entitled to the same benefits under this Indenture as Certificated Notes authenticated and delivered hereunder.

The Person in whose name any Note is registered at the close of business on the Interest Record Date with respect to any Interest Payment Date shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Note subsequent to such Interest Record Date and prior to such Interest Payment Date.

Registration, Transfer and Exchange. The Notes are issuable only in registered form. The Company will keep at the specified office of the Registrar as provided in Section 4.02 (the “**Registrar**”) a register (the “**Register**”) in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, Notes as provided in this Article. The name and address of the registered holder of each Note and the amount of each Note, and all transfers and exchanges related thereto, will be recorded in the Register. Such Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. Such Register shall be open for inspection by the Trustee and the Trustee may request and shall receive copies of such Register at all reasonable times and upon reasonable notice.

Upon due presentation for registration of transfer of any Note, the Company shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes in authorized denominations for a like aggregate principal amount.

A Holder may register the transfer of a Note only by written application to the Registrar stating the name of the proposed transferee and otherwise complying with the terms of this Indenture. No such registration of transfer shall be effected until, and such transferee shall succeed to the rights of a Holder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Holder as provided herein, the Company, the Trustee and any agent of any of them shall treat the Person in whose name the Note is registered as the owner thereof for all purposes whether or

not the Note shall be overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary. Furthermore, any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by Euroclear or Clearstream (or their respective agent) and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry. At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged to the Registrar. When Notes are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Notes of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if the requirements for such transactions set forth herein are met. To permit registrations of transfers and exchanges, the Company shall execute and the Registrar shall authenticate Notes at the Company's request.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the Holder thereof or his attorney duly authorized in writing in a form satisfactory to the Company and the Registrar.

The Company or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes (other than any such transfer taxes or other similar governmental charge payable upon exchanges). No service charge to any Holder shall be made for any such transaction.

The Company shall not be required to exchange or register a transfer of (1) any Notes for a period of 15 days next preceding the first mailing of notice of redemption of Notes to be redeemed, (2) any Notes called or being called for redemption or (3) any Notes between any Record Date and the relevant Payment Date.

All Notes issued upon any registration of transfer or exchange of Notes shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in this Indenture within a period of six years.

Book-Entry Provisions for Global Note. (c) Each Global Note initially shall be deposited with the Common Depository and registered in the name of the Common Depository or its nominee for the accounts of Euroclear and Clearstream. Beneficial interests in the Notes may be held by any member of, or participant in Euroclear or Clearstream ("Agent Members"). Agent Members shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Common Depository or by the Trustee or any nominee of the Common Depository or under such Global Note, and the Common Depository may be treated by the Company, a Subsidiary Guarantor, the Trustee and any agent of any of them as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, a Subsidiary Guarantor, the Trustee or any agent of any of them, from giving effect to any written certification, proxy or other authorization furnished by the Common Depository or impair, as between the Euroclear and Clearstream and its Agent Members, the operation of customary

practices governing the exercise of the rights of a Holder of a beneficial interest in any Global Note.

Transfers of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to the Common Depository, its successors or their respective nominees. Interests of beneficial owners in a Global Note may be transferred, and transfers increasing or decreasing the aggregate principal amount of Global Notes may be conducted, only in accordance with the rules and procedures of Euroclear and Clearstream. In addition, Certificated Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in any Global Note under the circumstances set forth in Section 2.04(e).

Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in one other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

In connection with the transfer of an entire Global Note to beneficial owners pursuant to paragraph (b) of this Section 2.06, the Global Note shall be deemed to be surrendered to the Paying Agent for cancellation, and the Company shall execute, and the Registrar shall authenticate and deliver, to each beneficial owner identified by the Common Depository in exchange for its beneficial interest in such Global Note an equal aggregate principal amount of Certificated Notes of authorized denominations.

Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by Euroclear, Clearstream or the Common Depository.

The registered holder of a Global Note may grant proxies and otherwise authorize any Person, including Agent Members and any Person that may hold beneficial interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Section 2.06 in accordance with its customary procedures. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

PIK Notes. (d) In the event that the Company pays PIK Interest as set forth in the Notes, the Company shall increase the outstanding principal amount of the Global Notes or issue additional Certificated Notes as applicable (in each case, "PIK Notes") having an aggregate principal amount equal to the amount of interest then due and owing as PIK Interest as follows:

- i. with respect to Notes represented by one or more Global Notes, by increasing the principal amount of the outstanding Global Notes, effective as of the applicable Interest Payment Date, by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest US\$1); and

ii. with respect to Notes represented by Certificated Notes, by issuing PIK Notes in the form of Certificated Notes, dated as of the applicable Interest Payment Date, in an aggregate principal amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest US\$1).

Following an increase in the principal amount of the outstanding Global Notes as a result of a payment of PIK Interest in the form of PIK Notes, the Global Notes will bear interest on such increased principal amount from and including the applicable Interest Payment Date. Any PIK Notes issued in the form of Certificated Notes will be dated as of the applicable Interest Payment Date and will bear interest from and including such date. The PIK Notes are identical to the Notes for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and mandatory offers to purchase (except that interest will begin to accrue on the PIK Notes from and including the date they are issued rather than the Exchange Date), and will be consolidated and form a single class with the Notes. References to “principal amount” of the Notes shall include any increase in the principal amount of the outstanding Notes as a result of the payment of PIK Interest.

To the extent PIK Notes are issued in the form of Certificated Notes as contemplated by Section 2.01(a)(ii) above, the Registrar will, at the request of the Company, authenticate and deliver any PIK Notes in the form of Certificated Notes for original issuance to the Holders of Certificated Notes on the relevant Interest Record Date in accordance with this Indenture. PIK Notes in the form of Certificated Notes will be issued in minimum denominations of US\$1 and integral multiples of US\$1 in excess thereof but may only be transferred in denominations of US\$1,000 and integral multiples of US\$1 in excess thereof. Notwithstanding the foregoing, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount.

Mutilated, Defaced, Destroyed, Stolen and Lost Notes. (e) The Company shall execute and deliver to the Registrar Certificated Notes in such amounts and at such times as to enable the Registrar to fulfill its responsibilities under this Indenture and the Notes.

In case any Note shall become mutilated, defaced or be apparently destroyed, lost or stolen, upon the request of the registered holder thereof, the Company in its discretion may execute, and, upon the written request of Authorized Officers of the Company, the Registrar shall authenticate and deliver, a new Note, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and substitution for the Note so apparently destroyed, lost or stolen. In every case the applicant for a substitute Note shall furnish to the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Registrar and the Trustee and any agent of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Registrar or the Trustee such security and/or indemnity as may be required by each of them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft evidence to their satisfaction of the apparent destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substitute Note, such Holder, if so requested by the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors, will pay a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Registrar) connected with the preparation and issuance of the substitute Note.

The Registrar is hereby authorized, in accordance with and subject to the foregoing conditions in this clause (b), to authenticate and deliver from time to time, Notes in exchange for or in lieu of Notes, respectively, which become mutilated, defaced, destroyed, stolen or lost. Each Note delivered in exchange for or in lieu of any Note shall carry all the rights to interest (including rights to accrued and unpaid interest and Additional Amounts) which were carried by such Note.

All Notes surrendered for payment or exchange shall be delivered to the Paying Agent. The Paying Agent shall cancel and destroy all such Notes surrendered for payment or exchange, in accordance with its Note destruction policy, and, upon receipt of as written request from the Company, shall deliver a certificate of destruction to the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors.

In the event any such mutilated, defaced, destroyed, lost or stolen certificate has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new certificate, pay such Notes.

Further Issues. Subject to the covenants described in Article IV, the Company may, from time to time, without notice to or the consent of the Holders, create and issue additional Notes (the “**Additional Notes**”) having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees (if any)) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “**Further Issue**”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under Section 4.06; and *provided further* that such Additional Notes will not be issued under the same ISIN or Common Code number as the previously outstanding Notes unless such Additional Notes are fungible with the previously outstanding Notes for U.S. federal income tax purposes.

Cancellation of Notes; Disposition Thereof. All Notes surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Company or any agent of the Company or the Trustee, shall be delivered to the Paying Agent for cancellation or, if surrendered to the Paying Agent, shall be canceled by it; and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Paying Agent shall dispose of canceled Notes held by it in accordance with its customary procedures, and upon receipt of a written request from the Company, deliver a certificate of disposition to the Company. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Paying Agent for cancellation.

ISIN and Common Code. The Company in issuing the Notes may use ISIN or Common Code (if then generally in use), and, if so, the Company and the Trustee shall use the Notes’ ISIN or Common Code in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The

Company will promptly notify the Trustee and the Agents in writing of any change in the ISIN and Common Code.

Holder Lists. The Agent shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders in accordance with Section 312(a) of the TIA. If the Agent is not the Registrar, the Company shall furnish, or shall cause to be furnished, to the Trustee and the Agent on or before each Interest Payment Date and at such other times as the Trustee or the Agent may request in writing a list, in such form and as of such date as the Trustee or the Agent, as the case may be, may reasonably require, of the names and addresses of Holders appearing in the security register of the Registrar.

REDEMPTION

Redemption for Tax Reasons. (f) The Notes may be redeemed, at the option of the Company or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) (with a copy to the Trustee and the Agents), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

any change in the existing official position, or the stating of an official position, regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective on or after (A) with respect to the Company or any initial Subsidiary Guarantor, the Exchange Date, or (B) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, as the case may be, with respect to any payment due or to become due under the Notes or this Indenture, the Company, such Subsidiary Guarantor, such JV Subsidiary Guarantor or such Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, such Subsidiary Guarantor, such JV Subsidiary Guarantor or such Surviving Person, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, such Subsidiary Guarantor, JV Subsidiary Guarantor or such Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to Section 3.01(a), the Company, a Subsidiary Guarantor, a JV Subsidiary Guarantor or a Surviving Person, as the case may be, will deliver to the Trustee and the Agents at least 30 days but not more than 60 days before the Tax Redemption Date:

an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Subsidiary Guarantor, such JV Subsidiary Guarantor or such Surviving Person, as the case may be, by taking reasonable measures available to it; and

an Opinion of Counsel or an opinion of a tax consultant, in either case, of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee and the Agents shall accept such Officers' Certificate, Opinion of Counsel and opinion of such tax consultant as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Optional Redemption. [NTD: redemption periods will need to be adjusted for other Series]

At any time from time to time before [*two years before maturity date*], the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes, plus any accrued and unpaid interest to (but excluding) the redemption date.

At any time from time to time during the one-year period from (and including) [*two years before maturity date*] to (and excluding) [*one year before maturity date*], the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to (but excluding) the redemption date.

At any time from time to time during the one-year period from (and including) [*one year before maturity date*] to (and excluding) [*maturity date*], the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 102% of the principal amount of the Notes, plus any accrued and unpaid interest to (but excluding) the redemption date.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders (with a copy to the Trustee and the Agents).

Any notice of redemption provided pursuant to this Section 3.02 and the related redemption may, at the Company's discretion, be subject to one or more conditions precedent. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice of redemption shall describe each such condition, and if applicable, shall state that, in the Company's discretion and as notified to the Trustee and the Agents in writing at or prior to 10:00 a.m. (London time) on the Business Day prior to the redemption date, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Company in its sole discretion) (*provided, however*, that the redemption price in respect of the Notes redeemed will be determined based on the actual redemption date of the Notes after all such conditions are satisfied, if such date is later than

the date specified in the related notice of redemption, including accrued and unpaid interest thereon to, but not including, the actual redemption date), or that such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Company in its sole discretion) by 10:00 a.m. (London time) on the Business Day prior to the redemption date as stated in such notice, or by 10:00 a.m. (London time) on the Business Day prior to the redemption date as so delayed, as notified to the Trustee and the Agent in writing on or prior to the Business Day prior to the redemption date.

Redemption with Proceeds from Pari Passu Debt Issuance.

Within ten (10) Business Days after any issuance of Future Permitted Pari Passu Secured Indebtedness, the Company shall issue a notice of redemption to redeem the Notes, in whole or part, at the Applicable Redemption Price on the Debt Proceeds Redemption Date in an amount not to exceed the Debt Proceeds Redemption Amount.

Method and Effect of Redemption. (g) The notice of redemption will identify the Notes to be redeemed and will include or state the following:

the redemption date;

the redemption price, including the portion thereof representing accrued and unpaid interest;

the place or places where Notes are to be surrendered for redemption;

Notes called for redemption must be so surrendered in order to collect the redemption price;

on the redemption date the redemption price will become due and payable on Notes called for redemption, and interest on Notes called for redemption will cease to accrue on and after the redemption date;

if any Note contains an ISIN or Common Code number, no representation is being made as to the correctness of the ISIN or Common Code number either as printed on the Notes or as contained in the notice of redemption and that the Holder should rely only on the other identification numbers printed on the Notes;

any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, with respect to any Certificated Note, after the redemption date upon surrender of such Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

the paragraph or subparagraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption being redeemed; and

any condition to such redemption.

At the Company's request, the Paying Agent shall give the notice of redemption in the Company's name and at its expense; *provided* that the Company shall have delivered to the Trustee and the Paying Agent, at least five (5) Business Days before notice of

redemption is required to be delivered, mailed or caused to be delivered or mailed to Holders pursuant to this Section 3.03 (unless a shorter notice shall be agreed to by the Trustee and the Paying Agent), an Officers' Certificate requesting that the Paying Agent give such notice and setting forth the information to be stated in such notice as provided in Section 3.03(a).

The Company may provide in such notice that payment of the redemption price may be made by another Person, *provided* that such notice shall not relieve the Company of any of its obligations under this Indenture.

Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and upon surrender of the Notes called for redemption to the Paying Agent, the Company shall redeem such Notes at the redemption price. If a redemption date (including, for the avoidance of doubt, any Debt Proceeds Redemption Date) is not a Business Day, payment may be made on the next succeeding day that is a Business day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

If the redemption date is on or after an Interest Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes will be subject to redemption.

If less than all of the Notes are to be redeemed, the Notes will be selected for redemption as follows:

if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then listed (if any) as notified to the Trustee and the Agent in writing by the Company, and subject to any applicable procedures of the clearing systems through which the Notes are held; or

if the Notes are not listed on any securities exchange, on a *pro rata* basis, by lot or by such other method as the Trustee deems fair and appropriate unless otherwise required by law and subject to any applicable clearing system procedures.

Notes settled for redemption will be in amounts of US\$1,000 and integral multiples of US\$1 in excess thereof, *provided* that no Note of US\$1,000 in principal amount or less shall be redeemed in part. Notwithstanding the foregoing, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount.

COVENANTS

Payment of Notes. (h) The Company will pay the principal of, any premium and interest, and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and this Indenture. Not later than 10:00 a.m. (London time) one Business Day prior to the Interest Payment Date (unless the Company elects to pay interest in

the form of PIK Notes in lieu of cash in accordance with the terms and provisions of the Notes), the due date of any principal or premium on any Notes, the Tax Redemption Date pursuant to Section 3.01 or the redemption date pursuant to Section 3.02 (each a “**Payment Date**”), the Company will pay or cause to be paid to the account of the Paying Agent at the specified office of the Paying Agent, at 1 North Wall Quay, Dublin 1, Ireland, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in immediately available funds, an amount which shall be sufficient to pay the aggregate amount of interest, principal or premium or a combination of them, as the case may be, becoming due in respect of the Notes on such Payment Date; *provided* that, if the Company or any Affiliate of the Company is acting as Paying Agent, it shall, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in this Indenture. In each case the Company shall promptly notify the Trustee and the Paying Agent of its compliance with this paragraph. The Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all sums held by such Paying Agent for the payment of the principal of or interest on the Notes, and shall give to the Trustee notice of any default by the Company in the making of any such payment.

An installment of principal, premium or interest will be considered paid on the date due if the Paying Agent, other than the Company or any Affiliate of the Company, holds on that date money designated for and sufficient to pay the installment. If the Company or any Affiliate of the Company acts as Paying Agent, an installment of principal, premium or interest will be considered paid on the due date only if paid to the Holders.

The Trustee (or the Paying Agent, which will include the Company or any Affiliate of the Company if it is acting as Paying Agent) to the extent funded by the Company will make cash payments in immediately available U.S. dollars in respect of the Notes represented by the Global Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Global Notes notified to the Paying Agent in writing prior to the relevant Record Date. With respect to Certificated Notes, the Trustee (or Paying Agent) will make all cash payments in immediately available U.S. dollars by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each Holder’s registered address; *provided* that if the Company or any Affiliate of the Company is acting as Paying Agent, it shall make such payment to the Holders as specified above.

At least four Business Days prior to the first Payment Date and, if there has been any change with respect to the matters set forth in the below-mentioned certificate, at least three Business Days prior to each Payment Date thereafter, the Company shall furnish the Trustee and the Paying Agent with an Officers’ Certificate instructing the Trustee and the Paying Agent as to any circumstances in which payments of principal of, or interest on, the Notes due on such date shall be subject to deduction or withholding for, or on account of, any taxes described in Section 4.21 and the rate of any such deduction or withholding. If any such deduction or withholding shall be required and if the Company therefore becomes liable to pay Additional Amounts, if any, pursuant to Section 4.21 hereof then at least three Business Days prior to each Payment Date, the Company shall furnish the Trustee and the Paying Agent with a certificate which specifies the amount required to be withheld on such payment to Holders of the Notes, and the Additional Amounts, if any, due to the Holders of

the Notes, and at least one Business Day prior to such Payment Date, will pay to the Paying Agent such Additional Amounts, if any, as shall be required to be paid to such Holders.

Whenever the Company appoints a Paying Agent other than the Trustee for the purpose of paying amounts due in respect of the Notes, it will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Company, among other things, to be bound by and observe the provisions of this Indenture (including the Notes). The Company shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee,

that it will hold all sums received by it as such Paying Agent for the payment of the principal of, or interest on, the Notes (whether such sums have been paid to it by or on behalf of the Company or by any other obligor on the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee (if any)) in trust for the benefit of the Holders of the Notes or of the Trustee;

that it will give the Trustee written notice of any failure by the Company (or by any other obligor on the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee (if any)) to make any payment of the principal, or interest on, the Notes and any other payments to be made by or on behalf of the Company under this Indenture, when the same shall be due and payable; and

that it will pay any such sums so held in trust by it to the Trustee upon the Trustee's written request at any time during the continuance of a failure referred to in clause (ii) above.

Anything in this Section 4.01 to the contrary notwithstanding, the Company may at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held by the Company or any Paying Agent hereunder, as required by this Section 4.01 and such sums shall be held by the Trustee upon the trusts herein contained. If the Paying Agent shall pay all sums held to the Trustee as required under this Section 4.01, the Paying Agent shall have no further liability for the money so paid over to the Trustee.

Anything in this Section 4.01 to the contrary notwithstanding, the agreements to hold sums as provided in this Section 4.01 are subject to the provisions of Section 8.04.

Notwithstanding any other provision in this Section 4.01, if the Company is permitted under this Indenture to pay PIK Interest and elects to pay interest in the form of PIK Notes in the manner provided for in this Indenture and the Notes, then all such interest paid in the form of PIK Notes shall be considered paid or duly provided for, for all purposes of this Indenture and the Notes, and shall not be considered overdue.

Maintenance of Office or Agency. (i) The Company will maintain an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company hereby initially designates the office of the Paying Agent at 1 North Wall Quay, Dublin 1, Ireland, as such office of the Company. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to

maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served to the Trustee; *provided, however*, that the office of Trustee shall not be an office or agency of the Company for service of legal process on the Company.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented for any of such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each place where principal of, and interest on, any Notes are payable. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

So long as the Notes are listed on the SGX-ST and the SGX ST so requires, there will be a Paying Agent in Singapore. The Company will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. If the Company maintains a Paying Agent in a member state of the European Union, such Paying Agent will be located in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or such other directive. The Company has initially appointed the Paying Agent and Registrar listed in Exhibit J as paying and transfer agent and registrar and each party has accepted such appointment.

So long as any of the Notes remain outstanding, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will maintain in the location of the Paying Agent at 1 North Wall Quay, Dublin 1, Ireland, and each other place where principal of, premium and interest on, any Notes is payable an office or agency where notices and demands to or upon the Subsidiary Guarantors or JV Subsidiary Guarantors, as the case may be, in respect of the Notes, the Subsidiary Guarantee the JV Subsidiary Guarantee (if any) or this Indenture may be served. The Subsidiary Guarantors hereby initially designate the Paying Agent at 1 North Wall Quay, Dublin 1, Ireland, as the office or agency for each such purpose. In case the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the specified office of the Trustee; *provided, however*, that the office of Trustee shall not be an office or agency of the Subsidiary Guarantors and JV Subsidiary Guarantors for service of legal process on the Company.

Governmental Approvals and Licenses; Compliance with Law. The Company will, and will cause each Restricted Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (i) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (ii) the ability of the Company, any Subsidiary Guarantor

or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee or JV Subsidiary Guarantee or this Indenture.

Payment of Taxes and other Claims. The Company will pay or discharge, and cause each of its Subsidiaries to pay or discharge before the same become delinquent (a) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or its income or profits or property and (b) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of the Company or any Subsidiary, other than any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established.

Intentionally Omitted.

Limitation on Indebtedness and Preferred Stock.

(j) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not permit any Restricted Subsidiary to issue any Preferred Stock; *provided* that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.75 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).

Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary, may Incur each and all of the following (“**Permitted Indebtedness**”):

Indebtedness under (a) the New HY Notes (excluding any Additional New HY Notes), (b) the Mandatorily Exchangeable Bonds and (c) any Exchange Convertible Bonds issued pursuant to the terms of the Mandatorily Exchangeable Bonds, and each Subsidiary Guarantee and each JV Subsidiary Guarantee for the foregoing Indebtedness;

any Pari Passu Guarantees;

Indebtedness of the Company or any Restricted Subsidiary outstanding on the Exchange Date, but excluding Indebtedness permitted under Sections 4.06(b)(i) and 4.06(b)(iv); *provided* that such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;

Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (A) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (iv), and (B) if the Company is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated in right of payment to the Notes, and if a Subsidiary

Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor is not the obligee, such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;

Indebtedness (“**Permitted Refinancing Indebtedness**”) issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness Incurred under Section 4.06(a) or clause (i), (ii), (iii), (vii), (xvi), (xvii), (xix), (xx), (xxi), (xxii), (xxiii) or (xxiv) of Section 4.06(b) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (v) if (1) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, such Subsidiary Guarantee or such JV Subsidiary Guarantee or (2) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes, such Subsidiary Guarantee or such JV Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, such Subsidiary Guarantee or such JV Subsidiary Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded and (C) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause (v) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor;

Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation;

Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (i) all or any part of the purchase price of real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon such acquisition, become a Restricted Subsidiary or (ii) all or any part of the purchase price or the cost of development, construction or improvement of real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business; *provided, however*, that in each case (A) the aggregate principal amount of such Indebtedness shall not

exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement, and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (vii) (together with the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (xvi), (xix), (xx), (xxi) and (xxii) of this Section 4.06(b) and any Permitted Refinancing Indebtedness Incurred under clause (v) with respect to this clause (vii) and clauses (xvi), (xix), (xx), (xxi) and (xxii), but excluding any Contractor Guarantee Incurred under this clause (vii) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25.0% of Total Assets;

Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary, as applicable, of a demand for reimbursement;

Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Restricted Subsidiary (other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition); *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or any Restricted Subsidiary from the disposition of such business, assets or Restricted Subsidiary;

Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(A) guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by this Section 4.06, (B) guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under clauses (vii), (xiv) and (xvi) of this Section 4.06(b), or (C) guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another clause of this Section 4.06;

Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;

Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (xiv) at any time outstanding does not exceed US\$20.0 million (or the Dollar Equivalent thereof);

Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price in the form of installment payments pursuant to a Staged Acquisition Agreement;

Preferred Stock or Disqualified Stock issued by a PRC Restricted Subsidiary or Indebtedness Incurred by the Company or any PRC Restricted Subsidiary constituting a guarantee by, or grant of a Lien on assets of, the Company or such PRC Restricted Subsidiary in favor of any Insurance Company Investor in respect of the obligation of any Subsidiary of such PRC Restricted Subsidiary to pay a guaranteed or preferred dividend or return on any shares of Capital Stock of such Subsidiary held by such Insurance Company Investor (including any shares of Preferred Stock or Disqualified Stock which may be issued by such Subsidiary pursuant to this clause (xvi) to such Insurance Company Investor); *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (xvi) (together with the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (vii), (xix), (xx), (xxi) and (xxii) of this Section 4.06(b) and any Permitted Refinancing Indebtedness Incurred under clause (v) with respect to this clause (xvi) and clauses (vii), (xix), (xx), (xxi) and (xxii), but excluding any Contractor Guarantee Incurred under clause (vii) of this Section 4.06(b) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25.0% of Total Assets;

Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$10.0 million (or the Dollar Equivalent thereof);

Indebtedness constituting a Subordinated Shareholder Loan;

Indebtedness Incurred by any Restricted Subsidiary incorporated under the laws of the PRC which is secured by Investment Properties, and guarantees thereof by the Company or any such Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (xix) (together with the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (vii), (xvi), (xx), (xxi) and (xxii) of this Section 4.06(b) and any Permitted Refinancing Indebtedness Incurred under clause (v) with respect to this clause (xix) and clauses (vii), (xvi), (xx), (xxi) and (xxii), but excluding any Contractor Guarantee Incurred under clause (vii) of this Section 4.06(b) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25.0% of Total Assets;

Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary, *provided* that on the date of Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of such Indebtedness

permitted by this clause (xx) (together with the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (vii), (xvi), (xix), (xxi) and (xxii) of this Section 4.06(b) and any Permitted Refinancing Indebtedness Incurred under clause (v) with respect to this clause (xx) and clauses (vii), (xvi), (xix), (xxi) and (xxii), but excluding any Contractor Guarantee Incurred under clause (vii) of this Section 4.06(b) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25.0% of Total Assets;

Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary, if the aggregate of all Indebtedness Incurred under this clause (xxi) (together with the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (vii), (xvi), (xix), (xx) and (xxii) of this Section 4.06(b) and any Permitted Refinancing Indebtedness Incurred under clause (v) with respect to this clause (xxi) and clauses (vii), (xvi), (xix), (xx) and (xxii), but excluding any Contractor Guarantee Incurred under clause (vii) of this Section 4.06(b) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25.0% of Total Assets;

Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided that*, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (xxii) (together with the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (vii), (xvi), (xix), (xx) and (xxi) of this Section 4.06(b) and any Permitted Refinancing Indebtedness Incurred under clause (v) with respect to this clause (xxii) and clauses (vii), (xvi), (xix), (xx) and (xxi), but excluding any Contractor Guarantee Incurred under clause (vii) of this Section 4.06(b) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25.0% of Total Assets;

Indebtedness represented by (a) PIK Notes issued in respect the payment of PIK Interest in accordance with this Indenture and (b) any Indebtedness resulting from the payment in kind of interest pursuant to the terms of the indentures governing the other series of New HY Notes in the form of PIK Notes (as defined in such indentures), in each case, by the Company and any related Subsidiary Guarantees and JV Subsidiary Guarantees; and

Indebtedness represented by any Mandatorily Exchangeable Bond PIK Interest or Exchange Convertible Bond PIK Interest capitalized pursuant to the terms of the Mandatorily Exchangeable Bonds or the Exchange Convertible Bonds, as the case may be.

For purposes of determining compliance with this Section 4.06, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in this Section 4.06, including under the proviso in the first sentence of

Section 4.06(a), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described in this Section 4.06.

Notwithstanding this Section 4.06, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this Section 4.06 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments. (k) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (i) through (iv) below being collectively referred to as “**Restricted Payments**”):

declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s, or payable or paid solely in shares of any Restricted Subsidiary’s, Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) of the Company, any Restricted Subsidiary or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary (excluding (i) the purchase of any shares of Capital Stock of any Person pursuant to a Staged Acquisition Agreement and (ii) the purchase of any shares of Capital Stock of any PRC Restricted Subsidiary held by any Insurance Company Investor);

make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or

make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

1. a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

2. the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in the first sentence of Section 4.06(a); or

3. such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum (without duplication) of:

a. 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the

amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the semi-annual fiscal period in which the Measurement Date occurred and ending on the last day of the Company's most recently ended fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); *plus*

b. 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; *plus*

c. the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); *plus*

d. an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (w) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case, to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (x) the unconditional release of a guarantee provided by the Company or any Restricted Subsidiary after the Measurement Date of an obligation of another Person, (y) the net cash proceeds from the sale of any such Investment (except to the extent such proceeds are included in the calculation of Consolidated Net Income) or (z) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; *plus*

e. US\$25.0 million (or the Dollar Equivalent thereof).

The foregoing provision will not be violated by reason of:

the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with Section 4.07(a);

the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, any Subsidiary

Guarantor or any JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

the redemption, repurchase or other acquisition of Capital Stock of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of Section 4.07(a)(iv);

the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of Section 4.07(a)(iv);

the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary that is not, directly or indirectly, Wholly Owned by the Company payable on a *pro rata* basis or on a basis more favorable to the Company to all holders of any class of Capital Stock of such Restricted Subsidiary;

the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided* that (A) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (B) the Company delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

(A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired

Capital Stock shall not exceed US\$25.0 million (or the Dollar Equivalent thereof using the Exchange Date as the date of determination);

cash payments in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, *provided, however*, that any such cash payment shall not be for the purpose of evading the limitation of Section 4.07 (as determined in good faith by the Board of Directors of the Company);

repurchases of Capital Stock deemed to occur upon the surrender by the holder of a stock option of shares of Capital Stock otherwise issuable upon exercise of such stock options as payment of a portion of the exercise price thereof;

dividends paid to any Insurance Company Investor in respect of any Preferred Stock or Disqualified Stock issued by or any Indebtedness Incurred by any PRC Restricted Subsidiary under clause (xvi) of Section 4.06(b); or

any payments made pursuant to the CVR Agreement,

provided that, in the case of clause (ii), (iii) or (iv) of this Section 4.07(b), no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (i) of Section 4.07(b) made after the Measurement Date shall be included in calculating whether the conditions of clause (C) of Section 4.07(a)(iv) have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this clause (d) will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment (other than any Restricted Payment set forth in clauses (v) through (ix) of Section 4.07(b)) in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, together with a copy of any fairness opinion or appraisal required by this Indenture.

Limitation on Liens. (1) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on the Collateral (other than Permitted Liens).

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on

any of its assets or properties of any kind, whether owned at the Exchange Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

Limitation on Sale and Leaseback Transactions. The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

the Company or any Restricted Subsidiary could have (x) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under Section 4.06(a) and (y) incurred a Lien to secure such Indebtedness pursuant to Section 4.08 in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or any Restricted Subsidiary applies the proceeds of such transaction in compliance with, Section 4.14.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries. (m) Except as provided in Section 4.10(b), the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

make loans or advances to the Company or any other Restricted Subsidiary; or

sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

The provisions of Section 4.10(a) do not apply to any encumbrances or restrictions:

existing in agreements as in effect on the Exchange Date, or in the New HY Notes, the Mandatorily Exchangeable Bonds, the Exchange Convertible Bonds, the Subsidiary Guarantees, the JV Subsidiary Guarantees, this Indenture, the indentures governing the other series of New HY Notes, the Mandatorily Exchangeable Bonds, the Exchange Convertible Bonds or the Security Documents, or under any Permitted Pari Passu Secured Indebtedness of the Company or any Subsidiary Guarantor Pledgor or Pari Passu Guarantee, or in any extensions, refinancings, renewals or replacements of any of the foregoing agreements, *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

existing under or by reason of applicable law, rule, regulation or order;

with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, or in any extensions, refinancings, renewals or replacements thereof, *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

that otherwise would be prohibited by the provision described in clause (iv) of Section 4.10(a) if they arise, or are agreed to in the ordinary course of business and, that (A) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (B) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by this Indenture or (C) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by Section 4.06, Section 4.11 and Section 4.14;

with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock of the type described permitted under clauses (vii), (xiv), (xvi), (xix), (xx), (xxi) and (xxii) of Section 4.06(b) if, as determined by the Board of Directors, such encumbrances or restrictions (A) are customary for such types of agreements and (B) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make any required payment on the Notes, or in any extensions, refinancings,

renewals or replacements of any of the foregoing agreements, *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

existing in customary provisions in joint venture agreements and other similar agreements permitted under this Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (A) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (B) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or

existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, or any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries.

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

to the Company or a Restricted Subsidiary;

to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary;

for the issuance or sale of the Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under Section 4.07 if made on the date of such issuance or sale and if the Company complies with Section 4.14; *provided* that paragraph (c) of clause (16) of the definition of "Permitted Investments" shall not apply if such Restricted Payment would otherwise have been permitted under clause (16) of such definition; and

the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Section 4.14;

provided that a Restricted Subsidiary may issue Common Stock to its shareholders on a *pro rata* basis or on a basis more favorable to the Company and its Restricted Subsidiaries.

Limitation on Issuances of Guarantees by Restricted Subsidiaries. (n) The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness (“**Guaranteed Indebtedness**”) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (x) (1) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to this Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (2) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee until the Notes have been paid in full, or (y) such guarantee is permitted by clause (iii), (iv), (xii)(B) (other than, in the case of clause (xii)(B), (x) a guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary that is not a Subsidiary of such PRC Subsidiary or (y) a guarantee by a non-PRC Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor of Indebtedness of a Subsidiary Guarantor or a JV Subsidiary Guarantor) or (xx) (in the case of clause (xx), with respect to the guarantee provided by any Restricted Subsidiary which is not a Subsidiary Guarantor or JV Subsidiary Guarantor through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any guarantee or letter of credit or similar instrument to guarantee) any Bank Deposit Secured Indebtedness) of Section 4.06(b).

If the Guaranteed Indebtedness (i) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or JV Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (ii) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceed the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Repurchase of Notes Upon a Change of Control Triggering Event. (o) Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a “**Change of Control Offer**”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to this Section 4.13.

Notwithstanding the foregoing, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (i) a third party makes the Change of Control Offer in the same manner, at the same times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) the Company has previously or concurrently delivered or mailed a redemption notice with respect to all of the outstanding Notes pursuant to Article 3.

Limitation on Asset Sales. (p) The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided that*, in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$35.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:

4. any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and

5. any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

permanently repay Senior Indebtedness of the Company or any Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit

Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or in properties or assets that will be used in the Permitted Business (including any shares of Capital Stock in a Person holding such properties or assets that is primarily engaged in a Permitted Business) (“**Replacement Assets**”).

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (i) and (ii) of Section 4.14(b) will constitute “**Excess Proceeds**”. Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds equals to or exceeds US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

accumulated Excess Proceeds, multiplied by;

a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US\$1. The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and any other *pari passu* Indebtedness tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness will be purchased on a *pro rata* basis based on the principal amount of Notes and any other *pari passu* Indebtedness tendered (or required to be prepaid or redeemed). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on Transactions With Shareholders and Affiliates. (q) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) with any Affiliate of the Company (each, an “**Affiliate Transaction**”), unless:

the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary; and

the Company delivers to the Trustee:

6. with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.15 and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

7. with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (ii)(A) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized international standing as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view.

The foregoing limitation does not limit, and shall not apply to:

the payment of reasonable and customary regular fees and other compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

transactions between or among the Company and any Subsidiary Guarantor or between or among Subsidiary Guarantors;

transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

any Restricted Payment of the type described in clause (i), (ii) or (iii) of Section 4.07(a) if permitted by Section 4.07;

any sale of Capital Stock (other than Disqualified Stock) of the Company;

the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Exchange Date require a majority shareholder approval of any such scheme;

any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the Restructuring, including, without limitation, transactions entered into for purposes of any reorganization in connection with the Restructuring and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with the Restructuring; and

any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in the ordinary course of business, on fair and reasonable terms and disclosed in the offering document issued in connection with the Restructuring, or any amendment or modification or extension or

replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original transaction described in the offering document issued in connection with the Restructuring and in compliance with the rules of the relevant Qualified Exchange.

In addition, the requirements of clause (ii) of Section 4.15(a) shall not apply to (i) Investments (other than Permitted Investments) not prohibited by Section 4.07, (ii) transactions pursuant to agreements in effect on the Exchange Date and described in Schedule III hereto, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Exchange Date, (iii) any transaction between or among (x) any of the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (y) the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; *provided* that in the case of this clause (iii), (A) such transaction is entered into in the ordinary course of business and (B) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Minority Joint Venture, Unrestricted Subsidiary or Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary is a Person described in clause (x) or (y) of Section 4.15(a) (other than by reason of such shareholder or partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be) and (iv) any Investment by the Company or any Restricted Subsidiary in accordance with the requirements under clause (16) of the definition of “Permitted Investment” on a *pro rata* basis based on its percentage ownership at the time of such Investment.

Limitation on the Company’s Business Activities. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; *provided, however*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by Section 4.07.

Limitation on Issuances of Future Subordinated Indebtedness or Equity. (a) The Company will not Incur any Indebtedness that is subordinated in right of payment or junior in lien priority to the New HY Notes or equity (or any instrument that is a hybrid thereof), unless such Indebtedness or equity (or any instrument that is a hybrid thereof) does not mature prior to December 31, 2021 and may not be redeemed prior to the full redemption of the New HY Notes.

(b) The Company shall no longer be entitled to make interest payment in PIK Notes in lieu of cash for any Interest Payment Date on or after the issuance of any such Indebtedness that is subordinated in right of payment or junior in lien priority to the New HY Notes or equity (or any instrument that is a hybrid thereof) permitted in paragraph (a) above, such issuance to be promptly notified in writing by the Company to the Trustee and the Agents in an Officers' Certificate referring to this Section of the Indenture, unless such equity issuance is pursuant to the CVRs, the Exchange Convertible Bonds or any stock option plans of the Company. In the absence of such notice, the Trustee and the Agents may conclusively assume that PIK Notes are permitted.

Designation of Restricted and Unrestricted Subsidiaries. (r) The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary, *provided* that:

no Default shall have occurred and be continuing at the time of or after giving effect to such designation;

neither the Company nor any Restricted Subsidiary guarantees or provides credit support for the Indebtedness of such Restricted Subsidiary;

such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary;

such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness, or any Lien on any property, of the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under Section 4.06 or such Lien would violate Section 4.08;

such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this Section 4.18(a); and

the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made under Section 4.07 (other than any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Subsidiaries in the Commercial Properties Group in connection with the Restructuring upon designation of such Subsidiaries in the Commercial Properties Group as Unrestricted Subsidiaries, *provided* that (A) the Board of Directors of the Company has determined in good faith that the designation of such Subsidiaries in the Commercial Properties Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the Restructuring, (B) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company, and (C) at the time of such designation, the members of the Restructuring Group remain primarily engaged in the Permitted Businesses).

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary, *provided* that:

no Default shall have occurred and be continuing at the time of or after giving effect to such designation;

any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred under Section 4.06;

any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred under Section 4.08;

such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary);

if such Restricted Subsidiary is not organized under the laws of the PRC, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to this Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under Section 11.10; and

if such Restricted Subsidiary is not organized under the laws of the PRC, all Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary shall be pledged to the extent required under Section 10.02.

Anti-Layering. The Company will not, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to, Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favor of some but not all of such Indebtedness.

Provision of Financial Statements, Reports and Compliance Certificate. (s) So long as any of the Notes remain outstanding, the Company will furnish to the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other securities exchange on which the Company's ordinary shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; provided that, if and for as long as the Company has failed to file with such exchange such report as is required to be filed in accordance with the rules and regulations of such exchange, the Company shall, within 30 calendar days of the end of each fiscal quarter of the Company, furnish to the Trustee and publicly disclose on the website of such exchange a report on such immediately preceding fiscal quarter, which shall include details on the Company's land bank, contracted sales, gross floor area and average selling prices of property units sold during such fiscal quarter; *provided, further,* that, if at any time

the ordinary shares of the Company cease to be listed for trading on a recognized securities exchange, the Company will file with the Trustee and furnish to the Holders:

as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognized firm of independent accountants;

as soon as they are available, but in any event within 45 calendar days after the end of the first semi-annual fiscal period of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally recognized firm of independent accountants; and

as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third fiscal quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

The Company and any Subsidiary Guarantor and JV Subsidiary Guarantor, as applicable, shall also comply with the other provisions of Section 314 of the TIA, as applicable.

In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (i) within 120 days after the close of each fiscal year ending after the Exchange Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarter periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, together with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, *provided* that the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification and such refusal is notified in writing to the Trustee in an Officers' Certificate of the Company; and (ii) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of such Default, and the action which the Company proposes to take with respect thereto.

Further, the Company has agreed that, during any period in which the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule

144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Delivery of such reports, information and documents to the Trustee is for informational purposes only, the Trustee shall have no obligation to examine, distribute or request such reports, information or documents from the Company, each Subsidiary Guarantor and/or each JV Subsidiary Guarantor and the Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Company's, each Subsidiary Guarantor's and each JV Subsidiary Guarantor's, as the case may be, compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on an Officers' Certificate).

Additional Amounts. (t) All payments of principal of, and premium (if any) and interest on, the Notes or under the Subsidiary Guarantees or the JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under Section 5.01), an applicable Subsidiary Guarantor or an applicable JV Subsidiary Guarantor is organized or resident for tax purposes or any jurisdiction from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person, the applicable Subsidiary Guarantor or the applicable JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

for or on account of:

8. any tax, duty, assessment or other governmental charge that would not have been imposed but for:

a. the existence of any present or former connection between the Holder or beneficial owner of such Note, Subsidiary Guarantee or Security Document, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

b. the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

c. the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or JV Subsidiary Guarantor addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

d. the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

9. any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

10. any withholding or deduction that is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive amending, supplementing or replacing such Directive or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives;

11. any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, or any other agreement pursuant to the implementation of FATCA; or

12. any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (A), (B), (C) and (D); or

to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment, to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in this Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

If the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or the relevant Subsidiary Guarantees or JV Subsidiary Guarantees, the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor shall deliver to the Trustee and the Agents, at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor, as

applicable, shall notify the Trustee and the Agents promptly thereafter), an Officers' Certificate stating the fact that Additional Amounts will be payable and the amount so payable. The Officers' Certificate must also set forth any other information necessary to enable the Agents to pay Additional Amounts to the Holders on the relevant payment date.

Permitted Pari Passu Secured Indebtedness. On or after the Exchange Date, the Company and each Subsidiary Guarantor Pledgor may create Liens on the Collateral *pari passu* with the Lien for the benefit of the Holders to secure Indebtedness of the Company (including Additional Notes and PIK Notes) or any Subsidiary Guarantor and any Pari Passu Guarantee with respect to such Indebtedness of the Company or any Subsidiary Guarantor and any such Pari Passu Guarantee incurred after the Exchange Date, "**Future Permitted Pari Passu Secured Indebtedness,**" and, together with Existing Permitted Pari Passu Secured Indebtedness, "**Permitted Pari Passu Secured Indebtedness**"; *provided that*, with respect to Future Permitted Pari Passu Secured Indebtedness, (i) the Company or such Subsidiary Guarantor was permitted to Incur such Indebtedness under Section 4.06, (ii) the holders (or their representative) of such Indebtedness (other than Additional Notes or PIK Notes) become party to the Intercreditor Agreement, (iii) the agreement in respect of such Indebtedness contains provisions with respect to releases of Collateral and such Pari Passu Guarantee substantially similar to and no more restrictive on the Company and such Subsidiary Guarantor than the provisions of this Indenture and the Security Documents; (iv) the Company and any such Subsidiary Guarantor Pledgor deliver to the Trustee and the Common Security Trustee an Opinion of Counsel and an Officers' Certificate, each with respect to corporate and collateral matters in connection with the Security Documents, stating that either (A) all necessary actions have been taken with respect to the recording, registering and filing of the Security Documents, or (B) no such action is necessary to make such Lien effective and (v) the Lien securing such Indebtedness shall be a Permitted Lien incurred pursuant to clause (12) of the definition thereof; *provided, further*, that the Company shall apply 100% of the Net Cash Proceeds from the issuance of any Future Permitted Pari Passu Secured Indebtedness to redeem New HY Notes (including PIK Notes) and the Mandatorily Exchangeable Bonds (or the Exchange Convertible Bonds which are issued pursuant to the terms of the Mandatorily Exchangeable Bonds) and any Mandatorily Exchangeable Bond PIK Interest or Exchange Convertible Bond PIK Interest with respect thereto on a pro rata basis and with payments pro rata based on the principal amount then outstanding excluding any Excluded Pari Passu Indebtedness in the manner described under Section 3.03 of this Indenture and the indentures governing the other series of the New HY Notes. By accepting the Notes each Holder shall be deemed to have consented to the execution of the Intercreditor Agreement and instructed and authorized the Trustee to enter into the Intercreditor Agreement. The Trustee shall not incur any liability for entering into the Intercreditor Agreement in accordance with and except as provided for in this Indenture.

Non-Restructured Onshore Debt. The Company shall use commercially reasonable efforts to enter into restructuring agreements with the holders of any Non-Restructured Onshore Debt.

No Payments For Consents. The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of the Notes that

consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Suspensions of Certain Covenants. If, on any date following the date of this Indenture, the Notes have an Investment Grade rating from both of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a “**Suspension Event**”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have an Investment Grade rating from either of the Rating Agencies, the following provisions of this Indenture will be suspended in relation to the Notes:

- (1) Section 4.06;
- (2) Section 4.07;
- (3) Section 4.09;
- (4) Section 4.10;
- (5) Section 4.11;
- (6) Section 4.12;
- (7) Section 4.14; and
- (8) Section 4.16.

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to Section 4.18 or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of this Indenture during the continuance of the Suspension Event and, following reinstatement, the calculations under Section 4.07 will be made as if such covenant had been in effect since the date of this Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. The Trustee shall have no responsibility, obligation or duty to determine or monitor if a Suspension Event has occurred or to notify the Holders of any such event and shall incur no liability for any failure to do so. The Company shall promptly notify the Trustee in writing in an Officers’ Certificate of any Suspension Event.

Listing of the Notes. The Company hereby covenants and agrees to use its reasonable efforts to cause the Notes to be approved for listing on the SGX ST and will maintain such listing for so long as any Notes remain outstanding; and if the Notes are no longer eligible to be listed for trading on SGX ST, to use its reasonable efforts to cause the Notes to be approved for listing as promptly as practicable on a Qualified Exchange.

CONSOLIDATION, MERGER AND SALE OF ASSETS

Consolidation, Merger and Sale of Assets. (u) The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organized and validly existing under the laws of the Cayman Islands, the British Virgin Islands, Hong Kong or the United States of America or any jurisdiction thereof and shall expressly assume, by a supplemental indenture to this Indenture, executed and delivered to the Trustee, all the obligations of the Company under this Indenture, the Notes and the Security Documents, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes, or from or through which payment is made, and this Indenture, the Notes and the Security Documents, as the case may be, shall remain in full force and effect;

immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

immediately after giving effect to such transaction on a *pro forma* basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in the first sentence of Section 4.06(a);

the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) of this Section 5.01(a)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with;

each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this Section 5.01, shall execute and deliver a supplemental indenture to this Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and this Indenture; and

no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction by executing and delivering a supplemental indenture to this Indenture or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor;

immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

immediately after giving effect to such transaction on a *pro forma* basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in the first sentence of Section 4.06(a);

the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) of this Section 5.01(b)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with; and

no Rating Decline shall have occurred;

provided that this Section 5.01(b) shall not apply to (A) any sale or other disposition that complies with Section 4.14 or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions of Section 11.11 and (B) a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

DEFAULT AND REMEDIES

Events of Default. Each of the following events is an “**Event of Default**”:

default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

default in the performance or breach of the provisions of Section 5.01, the failure by the Company to make or consummate an Offer to Purchase in the manner described under Section 4.13 or Section 4.14, the failure by the Company to issue a redemption notice in the manner described under Section 3.03, or the failure by the Company to create, or cause its Restricted Subsidiaries to create, a Lien on the Collateral (subject to any Permitted Liens and the Intercreditor Agreement) in accordance with Section 10.01;

the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in this Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes (with a copy to the Trustee if given by the Holders);

except as provided in Section 6.04(b), there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary (other than a Subordinated Shareholder Loan) having an outstanding principal amount of US\$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (ii) a failure to make a principal payment when due;

one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$20.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company’s insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant

Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

the Company or any Significant Restricted Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary, or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary, or (iii) effects any general assignment for the benefit of creditors;

any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by this Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect;

any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents or this Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect;

the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any Security Document or, other than in accordance with this Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Common Security Trustee on behalf of the Trustee and the Holders ceases to have a security interest in the Collateral (subject to any Permitted Liens and the Intercreditor Agreement);

failure by the Company to file with The Stock Exchange of Hong Kong Limited copies of its financial statements (on a consolidated basis) in respect of the fiscal year ended December 31, 2014 (including a statement of income, balance sheet and cash flow statement) audited by a member of an internationally recognized firm of independent accountants on or before December 31, 2016, and such failure is not cured by March 31, 2017;

failure by the Company to make any payment (in cash or the Company's ordinary shares) by the CVR Settlement Date following a CVR Triggering Event or following a Fundamental Change (as defined therein) by the date provided in the CVR Agreement pursuant to the terms of the CVR Agreement; and

suspension of the trading of the Company's ordinary shares on The Stock Exchange of Hong Kong Limited or any other Qualified Exchange on which the Company's ordinary shares are at any time listed for trading after lifting of the suspension of trading of such shares existing as of the Exchange Date, and such suspension continues for more than 30 consecutive Trading Days.

Acceleration. If an Event of Default (other than an Event of Default specified in clause (g) or (h) of Section 6.01) occurs and is continuing under this Indenture, the Trustee

or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the request of such Holders, subject to it being indemnified and/or secured to its satisfaction, shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (g) or (h) of Section 6.01 occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes, subject to the Trustee being indemnified and/or secured to the Trustee's satisfaction, foreclose on the Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders of the Notes with respect to the Collateral as the Trustee deems appropriate or is directed by the Holders of at least 25% in aggregate principal amount of outstanding Notes.

Waiver of Past Defaults. (a) The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee, may on behalf of all Holders waive all past defaults (other than a default in the payment of principal, premium or interest on the Notes) and rescind and annul a declaration of acceleration and its consequences if (x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

(b) Any Event of Default existing on the Exchange Date arising out of or related to a default, event of default or acceleration of Indebtedness under or failure to pay principal of, or interest or premium on, any Indebtedness of the Company's Subsidiaries that are incorporated in the PRC owed by such Subsidiaries to various financial institutions domiciled in the PRC ("**Onshore Debt**"), shall be deemed waived by all Holders, if, with respect to not less than 85% in aggregate principal amount of such Onshore Debt, as of the Exchange Date, either (i) such Onshore Debt is subject to binding documentation providing for its (A) restructuring or (B) refinancing or (ii) no default or event of default exists under such Onshore Debt, or will occur as a result of the transactions contemplated by the Schemes of Arrangement, and there are no events or circumstances (and no events or circumstances will arise as a result of the transactions contemplated by the Schemes of Arrangement) that would cause a default or event of default to occur under such Onshore Debt with or without the giving of notice or passage of time, or both. The Company shall deliver an Officers'

Certificate to the Trustee on the date of this Indenture confirming the foregoing provision has been met. For the avoidance of doubt, the waiver referred to in this Section 6.04(b) shall not apply to any Event of Default that occurs after the Exchange Date in respect of (I) any Onshore Debt or (II) any additional Indebtedness incurred after the Exchange Date by the Company's Subsidiaries that are incorporated in the PRC.

Control by Majority. The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law, this Indenture or the Security Documents, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from such Holders. Prior to taking any action under this Section 6.05, the Trustee will be entitled to security and/or indemnification satisfactory to it in its sole direction against all losses and expenses caused by taking or not taking such action.

Limitation on Suits. A Holder may not pursue any remedy with respect to this Indenture or the Notes unless:

the Holder has previously given the Trustee written notice of a continuing Event of Default;

the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;

the Trustee does not comply with the written request within 60 days after receipt of the request and the offer of indemnity and/or security; and

during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the written request.

Rights of Holders to Receive Payment. Notwithstanding anything to the contrary (other than pursuant to Section 9.01 of this Indenture and Section 316(a)(2) of the TIA), the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, shall not be impaired or affected without the consent of the Holder.

Compliance Certificate. The Company will submit to the Trustee a Compliance Certificate in the form of Exhibit I hereto, as required by Section 314(a)(4) of the TIA, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under this Indenture, the Notes and the Security Documents and that the Company and its Restricted Subsidiaries have

fulfilled all obligations thereunder, or, if there has been a Default or an Event of Default or currently exists a Default or an Event of Default in the fulfillment of any such obligation, specifying each such Default or Event of Default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under this Indenture, the Notes or the Security Documents.

Collection Suit by Trustee. If an Event of Default in payment of principal or interest specified in clause (a) or (b) of Section 6.01 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust for the whole amount of principal and accrued interest remaining unpaid, together with interest on overdue principal and, to the extent lawful, overdue installments of interest, in each case at the rate specified in the Notes, and such further amount as is sufficient to cover the reasonably incurred costs and expenses of collection, including the compensation and other reasonably incurred expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee hereunder.

Trustee May File Proofs of Claim. The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee hereunder) and the Holders allowed in any judicial proceedings relating to the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor or their respective creditors or property, and is entitled and empowered to collect, receive and distribute any money, securities or other property payable or deliverable upon conversion or exchange of the Notes or upon any such claims. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, if the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the compensation and other reasonably incurred expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee hereunder. Nothing in this Indenture will be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Priorities. (v) At any time during which the Intercreditor Agreement is in force, any money collected upon enforcement of the Collateral shall be distributed in accordance with the Intercreditor Agreement.

Any money collected by the Trustee (i) other than upon enforcement of the Collateral or (ii) upon enforcement of the Collateral at any time during which the Intercreditor Agreement is not in force shall, in each case, be paid out in the following order:

First, to the Trustee, the Paying Agent, the Registrar or any paying or collateral agent to the extent necessary to reimburse the Trustee, the Paying Agent, the Registrar, the Common Security Trustee or such agent for any fees, expenses, costs, charges and liabilities incurred in connection with the performance of its duties under this Indenture, the Security Documents or the Notes, including the collection or distribution of such amounts held or realized or in connection with expenses, costs, charges and liabilities incurred in enforcing its remedies under the Security Documents and preserving the Collateral and all amounts for

which the Trustee, the Paying Agent, the Registrar, the Common Security Trustee is entitled to indemnification under the Indenture;

Second, to the Trustee for the benefit of Holders; and

Third, any surplus remaining after such payments will be paid to the Company or the Subsidiary Guarantor Pledgors.

The Trustee, upon written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.11.

Restoration of Rights and Remedies. If the Trustee or any Holder has instituted a proceeding to enforce any right or remedy under this Indenture and the proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to the Holder, then, subject to any determination in the proceeding, the Company, any Subsidiary Guarantors or JV Subsidiary Guarantors, the Trustee and the Holders will be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Company, any Subsidiary Guarantors or JV Subsidiary Guarantors, the Trustee and the Holders will continue as though no such proceeding had been instituted.

Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court may require any party litigant in such suit (other than the Trustee) to file an undertaking to pay the costs of the suit, and the court may assess reasonable costs, including reasonable attorneys' fees, against any party litigant (other than the Trustee) in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.13 does not apply to a suit by a Holder to enforce payment of principal of or interest on any Note on the respective due dates, or a suit by any Holder, or group of Holders, of more than 10% in principal amount of the outstanding Notes.

Rights and Remedies Cumulative. No right or remedy conferred or reserved to the Trustee or to the Holders under this Indenture is intended to be exclusive of any other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or exercise of any other right or remedy.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Waiver of Stay, Extension or Usury Laws. The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors covenants, to the extent that it may lawfully do so, that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company or the Subsidiary Guarantor or JV Subsidiary

Guarantor from paying all or any portion of the principal of, or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture. The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors hereby expressly waives, to the extent that it may lawfully do so, all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

THE TRUSTEE

General. (w) The duties and responsibilities of the Trustee are as set forth herein. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to this Article.

Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations will be read into this Indenture against the Trustee, the Registrar and the Paying Agent. In case an Event of Default has occurred and is continuing and a Responsible Officer of the Trustee has been notified in writing, or the Trustee has obtained actual knowledge, of such Event of Default, the Trustee shall exercise those rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. During the continuance of an Event of Default of which a Responsible Officer of the Trustee has been notified in writing or of which the Trustee has otherwise obtained actual knowledge, the Trustee may act only upon the written direction of the Holders of at least 25% of the aggregate principal amount then outstanding, subject to receiving indemnity and/or security to its satisfaction.

Should the Trustee become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, the Trustee shall comply with Section 311(a) of the TIA, excluding any creditor relationship listed in Section 311(b) of the TIA. The Trustee is permitted to engage in business, contractual relationships and other transactions with the Company and its Affiliates and profit therefrom subject to Section 311 of the TIA. The Company hereby irrevocably waives, in favor of the Trustee, any conflict of interest which may arise by virtue of the Trustee acting in various capacities under this Indenture or for other customers of the Trustee to the extent permitted by the TIA. The Company acknowledges that the Trustee and its affiliates (together, the "**Trustee Parties**") may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Company may regard as conflicting with its interests and may possess information (whether or not material to the Company) other than as a result of the Trustee acting as Trustee hereunder, that the Trustee may not be entitled to share with the Company. Subject to Section 7.02(o), the Trustee will not disclose confidential information obtained from the Company without its consent to any of the Trustee's other customers nor will it use on the Company's behalf any confidential information obtained from any other customer. The foregoing shall not apply to any information that is publicly available or to any sharing of information at the Trustee and its affiliates or with respect to disclosures made pursuant to any applicable law, regulation or auditor requests. Without prejudice to the foregoing, the Company agrees that the Trustee may deal (whether for its

own or its customers' account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of this Indenture. Nothing in this Section 7.01(c) shall prejudice Section 310(b) of the TIA.

Subject to Section 315(d) of the TIA, no provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.04 or 6.05.

(e) The Trustee shall transmit to each Holder, on or around [•] annually beginning on [•],³ a brief report as required by Section 313(a) of the TIA, and a brief report as required, and within the times specified, by Section 313(b) of the TIA, each in a manner as provided in Section 313(c) of the TIA. A copy of each report at the time of its mailing to Holders shall be mailed by first class mail to the Company and filed by the Trustee with the SEC and each stock exchange, if any, on which the Notes are listed in accordance with Section 313(d) of the TIA. The Company shall promptly notify the Trustee of the listing or delisting of the Securities on or from any stock exchange.

Certain Rights of Trustee. Subject to Section 7.01:

In the absence of bad faith on its part, the Trustee may rely, and will be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but the Trustee shall examine the document to determine whether it conforms to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). The Trustee, in its sole and absolute discretion, may make further inquiry or investigation into such facts or matters as it sees fit.

Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel conforming to Sections 12.04 and 12.05 and the Trustee will not be liable for any action it takes or omits to take in good faith in reliance on the certificate or opinion

The Trustee has no obligation to monitor the financial performance of the Company or any Subsidiary Guarantors or JV Subsidiary Guarantors.

The Trustee may delegate duties to, and may act through, its attorneys and agents and will not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder, and will not be responsible for supervising the conduct of any attorney or agent so appointed.

³ Note that the TIA requires reports under Section 313(a) to be transmitted "at stated intervals of not more than 12 months". Note request from WT to please pick an as of date other than May 15 if possible.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security and/or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders in accordance with Section 6.05 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; *provided however*, that the Trustee's conduct does not constitute willful misconduct or negligence.

The Trustee may consult with counsel or other professional advisors of its selection, and the advice of such counsel or advisors or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives security and/or indemnity satisfactory to it against any loss, liability or expense.

If any Subsidiary Guarantor or JV Subsidiary Guarantor is substituted to make payments on behalf of the Company pursuant to Article XI, the Company shall promptly notify the Trustee and any clearing house through which the Notes are traded of such substitution.

The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate.

The Trustee shall not be deemed to have knowledge or notice of any Event of Default or defaults hereunder unless a Responsible Officer of the Trustee shall have received written notice thereof, the Trustee shall have obtained actual knowledge thereof or unless the Holders of not less than 25% in aggregate principal amount of the outstanding Notes gives written notice of such Event of Default or default at the Corporate Trust Office at the Trustee and such notice references the Notes and this Indenture.

The permissive rights of the Trustee enumerated herein shall not be construed as duties unless so specified herein.

The Trustee shall at no time have any responsibility or liability for or with respect to the legality, validity or enforceability of any security interest or Collateral or any arrangement or agreement between Company and any Person with respect thereto, or the perfection or priority of any security interest or Collateral created in any of the Security Documents (including ensuring that any necessary registrations in relation to the Collateral are carried out) or the maintenance of any such perfection and priority, or for or with respect to the sufficiency of any security interest or Collateral following an Event of Default. The

Trustee shall not be responsible or liable for preparation, filing or correctness of any financing statements or validity or perfection of any Lien or security interest.

The Trustee's immunities and protections from liability and its rights to compensation and indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, custodians, employees and any other Person employed to act hereunder. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal and final payment of the Notes.

The Trustee will treat information provided by the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor relating to the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors as confidential, but (unless consent is prohibited by law) the Company consents to the transfer and disclosure by the Trustee of any information relating to the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors to and between branches, subsidiaries, representative offices, affiliates and agents of the Trustee and third parties selected by any of them, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes). The Trustee and any branch, subsidiary, representative office, affiliate, agent or third party may transfer and disclose any such information as required by any law, court regulator or legal process; *provided* that the Trustee shall (unless contrary to law) give the Company written notice of (as soon as practicable after) such request so that the Company may seek a protective order or other remedy protecting such confidential information from disclosure.

In no event shall the Trustee be responsible or liable, directly or indirectly, for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The provisions of this Clause shall survive the redemption or maturity of the Notes, the termination or expiry of this Indenture or the resignation or removal of the Trustee.

If a Default or Event of Default occurs and is continuing, all Agents will be required to act on the Trustee's direction.

The Trustee shall not be obligated to supervise the performance of any parties to the transaction documents, including this Indenture, of their respective obligations under the transaction documents or any other documents related thereto and the Trustee shall be entitled to assume, until it has actual knowledge or written notification to the contrary, that all such persons are properly performing their duties thereunder.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any of the Covenants contained in Article IV. The Trustee will not be responsible for the creditworthiness or solvency of the Company and any Subsidiary Guarantor or JV Subsidiary Guarantor or other person providing security under a Security Document or the Intercreditor Agreement.

If an Event of Default shall have occurred or if the Trustee finds it expedient or necessary or is requested by the Company to undertake duties which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Indenture, the Company will pay such additional remuneration as they may agree.

The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Indenture or any other transaction document because of circumstances beyond the Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, rebellion, embargo, civil commotion, labor disputes, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, existing or future laws, ordinances, regulations or acts of governmental authorities, or the like which restrict or prohibit the performance of the obligations contemplated by this Indenture or any other transaction document (as the case may be), and other causes beyond the Trustee's control whether or not of the same class or kind as specifically named above.

The Trustee is not obliged to do or omit to do anything which in its reasonable opinion, would or may be illegal or would constitute a breach of any fiduciary duty or duty of confidentiality, or any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organization to which the Trustee is subject.

Individual Rights of Trustee. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights.

Trustee's Disclaimer. The Trustee (a) makes no representation as to the validity or adequacy of this Indenture, the Security Documents, the Intercreditor Agreement or the Notes, (b) is not accountable for the Company's use or application of the proceeds from the Notes and (c) shall not have any responsibility for the Company's or any Holder's compliance with any state or U.S. federal securities law in connection with the Notes.

Notice of Default. If any Default occurs and is continuing and is known to the Trustee, the Trustee will send notice of the Default to each Holder within 90 days after it occurs, or, if later, within 15 days after written notification is provided to a Responsible Officer of the Trustee, or the Trustee otherwise obtains actual knowledge, of such Default unless the Default has been cured (and written notification of such cure is provided to a Responsible Officer of the Trustee or the Trustee otherwise obtains actual knowledge of such cure). The Trustee shall not be deemed to have knowledge of any non-compliance with this Indenture, a Default or Event of Default unless and until a Responsible Officer of the Trustee has received written notification, or the Trustee has otherwise obtained actual knowledge, of such Default or Event of Default through written notification describing the circumstances of such non-compliance, and identifying the circumstances constituting such default or Event of Default from the Company or from Holders of not less than 25% in aggregate principal amount of outstanding Notes. The Trustee shall have no obligation to investigate whether any Default or Event of Default has occurred. In the absence of written notice of a Default or Event of Default, the Trustee may assume without any liability in connection with such assumption that there is no Default or Event of Default.

Compensation and Indemnity. (x) The Company, the Subsidiary Guarantors and JV Subsidiary Guarantors will, jointly and severally, pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a Trustee of an express trust. The Company, the Subsidiary Guarantors and JV Subsidiary Guarantors will reimburse the Trustee upon request for all

reasonably incurred out-of-pocket expenses, disbursements and advances (including costs of collection) incurred or made by the Trustee for its services hereunder, including the compensation and reasonably incurred expenses of the Trustee's agents and counsel.

Each of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors, jointly and severally, will indemnify the Trustee or any predecessor Trustee and their agents, employees, officers and directors for, and hold them harmless against, any loss, damage, claim, including taxes, or liability, fees, costs or expense incurred by it without negligence or willful misconduct on its part arising out of or in connection with the acceptance or administration of this Indenture and its duties under this Indenture, the Notes and the Security Documents, including the reasonably incurred fees, costs and expenses of its legal counsels and agents in defending the Trustee against any claim or liability and of complying with any process served upon it or any of its officers, agents, employees and directors in connection with the exercise or performance of any of its powers or duties under this Indenture, the Security Documents and the Notes.

To secure the Company's payment obligations in this Section 7.06, the Trustee will have a lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except money or property held to pay principal of, and interest on particular Notes.

This Section 7.06 shall survive the redemption, repurchase or maturity of the Notes, the termination of this Indenture, and resignation or removal of the Trustee.

When the Trustee incurs expenses or renders services pursuant to this Indenture after the occurrence of an Event of Default specified in Section 6.01(g) or (h) with respect to the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, the expenses are intended to constitute expenses of administration under the United States Bankruptcy Code (Title 11 of the United States Code) or any other similar law for the relief of debtors.

Replacement of Trustee. (y) The Trustee may resign at any time by written notice to the Company.

The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee by written notice to the Trustee.

The Company may remove the Trustee if: (A) the Trustee is adjudged a bankrupt or an insolvent; (B) a receiver or other public officer takes charge of the Trustee or its property; or (C) the Trustee becomes incapable of acting.

A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.07.

If the Trustee has been removed by the Holders, Holders of a majority in principal amount of the Notes may appoint a successor Trustee with the consent of the Company. Otherwise, if the Trustee resigns or is removed, or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. If the successor Trustee does not deliver its written acceptance within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the expense of the Company), the

Company or the Holders of a majority in principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee, or the Trustee may appoint a replacement Trustee.

Upon delivery by the successor Trustee of a written acceptance of its appointment to the retiring Trustee and to the Company, (i) the retiring Trustee will transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.06, (ii) the resignation or removal of the retiring Trustee will become effective, and (iii) the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. Upon request of any successor Trustee, the Company will execute any and all instruments for fully vesting in and confirming to the successor Trustee all such rights, powers and trusts. The Company will give notice of any resignation and any removal of the Trustee and each appointment of a successor Trustee to all Holders, and include in the notice the name of the successor Trustee and the address of its Corporate Trust Office.

Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Company's and the Subsidiary Guarantors' obligations under Section 7.06 will continue for the benefit of the retiring Trustee.

(e) None of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor or any of their respective Affiliates shall serve as the Trustee.

Successor Trustee by Consolidation, Merger, Conversion or Transfer. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets (including the administration of the trust created by this Indenture) to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act will be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee in this Indenture.

Money Held in Trust. The Trustee will not be liable for interest or investment income on any money received by it except as it may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law and except for money held in trust under Article VIII.

Eligibility; Disqualification. The Trustee shall (A) be an entity organized and doing business under the laws of the United States of America or of any state thereof, (B) be authorized under such laws to exercise corporate trustee power, (C) be subject to supervision or examination by United States federal or state authorities and (D) have a combined capital and surplus of at least US\$50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with Section 310(b) of the TIA. Nothing in this Indenture shall prevent the Trustee from filing with the SEC the application referred to in the penultimate paragraph of Section 310(b) of the TIA or any qualifying Holder from filing a petition referred to in, and in accordance with, Section 310(b)(iii) of the TIA.

Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies

herein granted to the Trustee or hold title to the properties, in trust, as herein granted or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or institution as a separate or co-trustee. The following provisions of this Section 7.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and only to the extent that the Trustee by the laws of any jurisdiction is incapable of exercising such powers, rights and remedies and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Company be required by the separate or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Company; *provided* that, if an Event of Default shall have occurred and be continuing and if the Company does not execute any such instrument within fifteen (15) days after request therefor, the Trustee shall be empowered as an attorney-in-fact for the Company to execute any such instrument in the Company's name and stead. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee.

Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

all rights and powers, conferred or imposed upon the Trustee shall be conferred or imposed upon and may be exercised or performed by such separate trustee or co-trustee in accordance with this Section 7.11; and

no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder except for its own negligent action or negligent failure to act or its own willful misconduct.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Section 7.11.

Any separate trustee or co-trustee may at any time appoint the Trustee as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 1.02 Indemnification of Judgment Currency. The Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors agree, jointly and severally, to indemnify the Trustee, the Paying Agent and each Holder to the full extent permitted by applicable law against any loss incurred by the Trustee, the Paying Agent and such Holder as a result of any judgment or order being given or made for any amount due under such Note and such judgment or order being expressed and paid in a currency (the “**Judgment Currency**”) other than U.S. dollars and as a result of any variation as between (a) the rate of exchange at which the U.S. dollar is converted into the Judgment Currency for the purpose of such judgment or order and (b) the spot rate of exchange in New York City at which the Trustee, the Paying Agent and the Holder on the date that payment is made pursuant to such judgment or order is able to purchase U.S. dollars with the amount of the Judgment Currency actually received by the Trustee, the Paying Agent and the applicable Holder.

DEFEASANCE AND DISCHARGE

Defeasance and Discharge of Indenture. The Company shall be deemed to have paid and shall be discharged from any and all obligations in respect of the Notes, on the 183rd day after the deposit referred to in clause (i) of this Section 8.01 has been made and the provisions of this Indenture and the Security Documents will no longer be in effect with respect to the Notes (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except as to (1) rights of registration of transfer and exchange, (2) substitution of apparently mutilated, defaced, destroyed, lost or stolen Notes, (3) obligations to maintain paying agencies, (4) the rights of the Holders as beneficiaries hereof with respect to the monies so deposited with the Trustee payable to all or any of them and (5) obligations of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors under Section 7.06; *provided* that the following conditions shall have been satisfied:

the Company has (A) deposited with the Trustee, in trust, money in U.S. dollars and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in U.S. dollars in an amount sufficient without consideration of investment or reinvestment to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes and (B) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of this Indenture;

the Company has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized standing in the United States with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Exchange Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company’s exercise of its option under this Section 8.01 and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel, and (2) an Opinion of Counsel of recognized international standing to the effect

that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

Covenant Defeasance. The Company may omit to comply with any term, provision or condition set forth in, and this Indenture will no longer be in effect with respect to, clauses (iii), (iv), (v)(x) and (vii) of Section 5.01(a), clauses (iii), (iv), (v)(x) and (vi) of Section 5.01(b), any covenant in Sections 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.14, 4.15, 4.16, 4.17, 4.18 and 4.20, clause (c) of Section 6.01 with respect to clauses (iii), (iv), (v)(x) and (vii) of Section 5.01(a) and clauses (iii), (iv), (v)(x) and (vi) of Section 5.01(b) and with respect to the other events set forth in such clause (c), clause (d) of Section 6.01 with respect to such other covenants and clauses (e) and (f) of Section 6.01 shall be deemed not to be Events of Default; *provided* the following conditions have been satisfied:

The Company has deposited with the Trustee, in trust, money in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in U.S. dollars in an amount sufficient (without consideration of investment or reinvestment) to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes.

The Company has delivered to the Trustee an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law.

The Company has delivered to the Trustee of an Opinion of Counsel of recognized standing in the United States with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Prior to the end of the 183-day period, none of the Company's obligations under this Indenture will be discharged. Thereafter, the Trustee upon request will acknowledge in writing the discharge of the Company's obligations under the Notes and this Indenture except for the surviving obligations specified above.

Application of Trust Money. Subject to Section 8.04, the Trustee will hold in trust the money or U.S. Government Obligations deposited with it pursuant to Section 8.01 or

8.02, and apply the deposited money and the proceeds from deposited U.S. Government Obligations to the payment of principal of and interest on the Notes in accordance with the Notes and this Indenture. Such money and U.S. Government Obligations will be segregated from other funds.

Repayment to Company. Subject to Sections 7.06, 8.01 and 8.02, the Trustee will as soon as reasonably practicable pay to the Company upon written request any excess money held by the Trustee at any time and thereupon be relieved from all liability with respect to such money, subject to any relevant unclaimed property laws. The Trustee will as soon as reasonably practicable pay to the Company upon written request any money held for payment with respect to the Notes that remains unclaimed for two years; *provided* that before making such payment the Trustee may at the expense of the Company publish once in a newspaper of general circulation in the City of New York, or send to each Holder entitled to such money, notice that the money remains unclaimed and that after a date specified in the notice (at least 30 days after the date of the publication or notice) any remaining unclaimed balance of money will be repaid to the Company. After payment to the Company, Holders entitled to such money must look solely to the Company for payment, unless applicable law designates another Person, and all liability of the Trustee with respect to such money will cease.

Reinstatement. If and for so long as the Trustee is unable to apply any money or U.S. Government Obligations held in trust pursuant to Sections 8.01 or 8.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes will be reinstated as though no such deposit in trust had been made until such time as the Trustee is permitted to apply all such money in accordance with this Article VIII. If the Company makes any payment of principal or interest on any Notes because of the reinstatement of its obligations, it will be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held in trust by the Trustee.

AMENDMENTS, SUPPLEMENTS AND WAIVERS

Amendments Without Consent of Holders. The Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors and the Trustee may amend or supplement this Indenture, the Intercreditor Agreement or any Security Document without notice to or the consent of any Holder, to:

cure any ambiguity, defect, omission or inconsistency in this Indenture, the Notes, the Intercreditor Agreement or any Security Document, or to make any changes or modifications of this Indenture necessary in connection with the qualification of this Indenture under the TIA;

comply with the provisions in Section 5.01;

evidence and provide for the acceptance of an appointment hereunder by a successor Trustee;

add any Subsidiary Guarantor or JV Subsidiary Guarantor or any Subsidiary Guarantee or JV Subsidiary Guarantee or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee as provided or permitted by the terms of this Indenture;

provide for the issuance of Additional Notes and PIK Notes in accordance with the limitations set forth in this Indenture;

add any Subsidiary Guarantor Pledgor or release any Subsidiary Guarantor Pledgor as provided or permitted by the terms of this Indenture;

add additional Collateral to secure the Notes or any Subsidiary Guarantee and create and register Liens on such additional Collateral;

in any other case where a supplemental indenture to this Indenture is required or permitted to be entered into pursuant to the provisions of this Indenture without the consent of any Holder;

effect any changes to this Indenture in a manner necessary to comply with the applicable procedures of Euroclear and Clearstream;

permit Permitted Pari Passu Secured Indebtedness in accordance with the terms of this Indenture (including, without limitation, permitting the Trustee to enter into, the Intercreditor Agreement or any amendments to the Security Documents or this Indenture, the appointment of any common security trustee or collateral agent under any Intercreditor Agreement to hold the Collateral on behalf of the Holders and the holders of Permitted Pari Passu Secured Indebtedness and taking any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this Indenture); or

make any other change that, in the good faith opinion of the Board of Directors, does not materially and adversely affect the rights of any Holder.

Amendments with Consent of HoldersThe Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes may amend this Indenture, the Intercreditor Agreement or any Security Document, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company with any provision of this Indenture, the Notes, the Intercreditor Agreement or any Security Document; *provided, however*, that no such modification, amendment or waiver may without the consent of:

(A) each Holder affected thereby:

change the Stated Maturity of the principal of, or any installment of interest on, any Note;

reduce the principal amount of, or premium, if any, or interest on, any Note;

change the currency of payment of principal of, or premium, if any, or interest on, any Note of relevant series;

impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend this Indenture;

waive a default in the payment of principal of, premium, if any, or interest on the Notes;

reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of this Indenture or for waiver of certain defaults;

(i) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale; or

change the redemption date or the redemption price of the Notes from that stated under Section 3.01, Section 3.02 or Section 3.03;

(B) Holders of at least 90% in aggregate principal amount of the outstanding Notes:

(i) amend, change or modify the obligation of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts;

release or reduce any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in this Indenture;

release or reduce any Collateral, except as provided in this Indenture, the Intercreditor Agreement and the Security Documents;

amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;

amend, change or modify any provision of any Security Document, the Intercreditor Agreement or any provision of this Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of this Indenture, such Security Document or such Intercreditor Agreement; or

amend, change or modify any provision of this Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Notwithstanding the foregoing and Section 6.07 hereof, with the consent of Holders of not less than 75% in aggregate principal amount of the outstanding Notes, interest payment

on any Note may be postponed for a period not exceeding three years from its due date, to the extent not prohibited under the TIA.

It is not necessary for Holders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

An amendment, supplement or waiver under this Section 9.02 will become effective on receipt by the Trustee of written consents from the Holders of the requisite percentage in principal amount of the outstanding Notes. After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will send to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. The Company will send supplemental indentures to Holders upon request. Any failure of the Company to send such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

The Company may, but shall not be obligated to, fix a record date (which need not be the date provided in Section 316(c) of the TIA to the extent it would otherwise be applicable), for the purpose of determining the Holders entitled to consent to any amendment, supplement, or waiver.

Effect of Consent. (b) After an amendment, supplement or waiver becomes effective, it will bind every Holder unless it is of the type requiring the consent of each Holder affected. If the amendment, supplement or waiver is of the type requiring the consent of each Holder affected, the amendment, supplement or waiver will bind each Holder that has consented to it and every subsequent Holder of a Note that evidences the same debt as the Note of the consenting Holder.

If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder to deliver it to the Trustee so that the Trustee may place an appropriate notation of the changed terms on the Note and return it to the Holder, or exchange it for a new Note that reflects the changed terms. The Registrar may also place an appropriate notation on any Note thereafter authenticated. However, the effectiveness of the amendment, supplement or waiver is not affected by any failure to annotate or exchange Notes in this fashion.

Trustee's Rights and Obligations. The Trustee is entitled to receive, and will be fully protected in relying upon, in addition to the documents required by Section 12.04, an Opinion of Counsel stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article or the Security Documents and the Intercreditor Agreement is authorized or permitted by this Indenture and an Officers' Certificate stating that all conditions precedent have been complied with. If the Trustee has received such an Opinion of Counsel, it shall sign the amendment, supplement or waiver so long as the same does not adversely affect the rights of the Trustee. The Trustee may, but is not obligated to, execute any amendment, supplement or waiver that affects the Trustee's own rights, duties or immunities under this Indenture.

Compliance with TIA. Every amendment, waiver or supplement to this Indenture or the Notes shall comply with the TIA as then in effect.

SECURITY

Security. (c) The Company will, for the benefit of the Common Security Trustee on behalf of the Trustee and the Holders of the Notes, pledge, or will cause each initial Subsidiary Guarantor Pledgor to pledge, the Lien over the Capital Stock of all Restricted Subsidiaries (other than Restricted Subsidiaries that are organized under the Laws of the PRC and the Other Non-Guarantor Subsidiaries) held by it (subject to Permitted Liens and the Intercreditor Agreement) on the Exchange Date, in order to secure the obligations of the Company under the Notes and this Indenture and of such initial Subsidiary Guarantor Pledgor under its Subsidiary Guarantee.

Neither the Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so. The Company and the applicable Subsidiary Guarantor Pledgor shall prepare and file any relevant statements to maintain the validity and (if relevant) perfection of the Liens or security interest.

The Company and each initial Subsidiary Guarantor Pledgor will, for the benefit of the Holders of the Notes:

execute one or more Security Documents granting to the Common Security Trustee, for the benefit of the Trustee and the Holders of the Notes, Liens on relevant Collateral (subject to any Permitted Liens and the Intercreditor Agreement); and

take all requisite steps under applicable laws and undertake other required procedures in connection with the granting and perfection (if relevant) of the Lien on relevant Collateral (subject to any Permitted Liens and the Intercreditor Agreement); and

promptly deliver to the Trustee an Officers' Certificate stating that entry into the Security Documents has been duly and validly authorized and an Opinion of Counsel to the effect that (A) in the opinion of such counsel, such action has been taken with respect to the recording, registering and filing of or with respect to this Indenture and the Security Documents and all other instruments of further assurance as is necessary to make effective and to (if relevant) perfect the Lien (subject to Permitted Liens and the Intercreditor Agreement) created by the Security Documents in the Collateral referenced in this clause (b) and reciting the details of such action, or (B) in the opinion of such counsel, no such action is necessary to make such Lien (subject to Permitted Liens and the Intercreditor Agreement) effective; *provided* that any such Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials with respect to matters of fact and all Opinions of Counsel delivered pursuant to this Section 10.01(b) may contain assumptions, qualifications, exceptions and limitations as are appropriate and customary for similar opinions relating to the nature of the Collateral referenced in this clause (b).

The initial Subsidiary Guarantor Pledgors are listed on Schedule II hereto.

So long as the Notes are secured by the Collateral, the Company and each initial Subsidiary Guarantor Pledgor will, at least annually after the execution and delivery of this Indenture, furnish to the Trustee an Opinion of Counsel dated on and as of the anniversary date of this Indenture either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, rerecording, and refiling of this Indenture as is necessary to maintain the Lien of such indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such Lien.

So long as no Payment Default has occurred and is continuing, and subject to the terms of the Security Documents and this Indenture, the Company and the Subsidiary Guarantor Pledgors, as the case may be, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of Capital Stock constituting Collateral.

Notwithstanding (i) anything to the contrary contained in this Indenture, the Security Documents, the Notes or any other instrument governing, evidencing or relating to any Indebtedness, (ii) the time, order or method of attachment of any Liens, (iii) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral, (iv) the time of taking possession or control over any Collateral or (v) the rules for determining priority under the Uniform Commercial Code or any other law of any relevant jurisdiction governing relative priorities of secured creditors, the Company and the Subsidiary Guarantor Pledgors will ensure that:

13. the Liens granted pursuant to the Security Documents will rank at least equally and ratably with all other valid, enforceable and perfected Liens, whenever granted upon any present or future Collateral, but only to the extent such other Liens are permitted under this Indenture to exist and to rank equally and ratably with the Notes and the Subsidiary Guarantees; and

14. all proceeds of the Collateral applied under the Security Documents shall be allocated and distributed as set forth in Section 6.11. Unless required by applicable laws, the Trustee shall not be responsible for making any deductions or withholding in respect of taxes or other governmental charges in respect of any amounts paid by the Trustee from the proceeds of the Collateral.

Future Subsidiary Guarantor Pledgors. (d) The Company will use its reasonable best efforts to obtain any necessary consents and waivers and to take all other actions necessary to pledge and to cause each Future Subsidiary Guarantor to pledge the Capital Stock of any future Restricted Subsidiary (other than any Subsidiary organized under the laws of the PRC), including the Capital Stock of any JV Subsidiary Guarantors if such JV Subsidiary Guarantor is established, in each case owned by the Company or such Future Subsidiary Guarantor (subject to Permitted Liens and the Intercreditor Agreement) as soon as practicable in order to secure the obligations of the Company under the Notes and this Indenture and of such Future Subsidiary Guarantor under its Subsidiary Guarantee; *provided* that in exercising such reasonable best efforts the Company shall not be required to take any action that is commercially unreasonable. None of the JV Subsidiary Guarantors will provide a Security Document pledging the Capital Stock of its direct or indirect Restricted

Subsidiaries as security in favor of the Common Security Trustee for the benefit of the Trustee and the Holders.

The Company will, for the benefit of the Trustee on behalf of the Holders of the Notes, pledge, or cause each Subsidiary Guarantor to pledge to the Common Security Trustee, the Capital Stock owned directly by the Company or such Subsidiary Guarantor of any Person that becomes a Subsidiary Guarantor or JV Subsidiary Guarantor after the Exchange Date, as soon as practicable after such Person becomes a Subsidiary Guarantor or JV Subsidiary Guarantor, to secure (subject to Permitted Liens) the obligations of the Company under the Notes and this Indenture, and of such Subsidiary Guarantor under its Subsidiary Guarantee, as the case may be, in the manner described above.

Each Subsidiary Guarantor that pledges Capital Stock of a Restricted Subsidiary after the Exchange Date is referred to as a “**Future Subsidiary Guarantor Pledgor**” and, upon giving such pledge, will be a “**Subsidiary Guarantor Pledgor**.”

Upon each pledge by a Future Subsidiary Guarantor of the Capital Stock of any future Restricted Subsidiary in accordance with Section 10.02(a) or Section 10.02(b), the Company will deliver to the Trustee an Officers’ Certificate stating that entry into the applicable pledge agreement has been duly and validly authorized and an Opinion of Counsel to the effect that (i) in the opinion of such counsel, such action has been taken with respect to the recording, registering and filing of or with respect to this Indenture and the applicable pledge agreement and all other instruments of further assurance as are necessary to make effective and (if relevant) perfect the Lien (subject to Permitted Liens and the Intercreditor Agreement) created by such pledge agreement in the Capital Stock referenced in Section 10.02(a) or Section 10.02(b), and referencing the details of such action; or (ii) in the opinion of such counsel, no such action is necessary to make such Lien effective and (if relevant) perfected; *provided* that any such Opinion of Counsel may rely on an Officers’ Certificate or certificates of public officials with respect to matters of fact.

All Opinions of Counsel delivered pursuant to Section 10.02(d) may contain assumptions, qualifications, exceptions and limitations as are appropriate and customary for similar opinions relating to the nature of the Capital Stock pledged.

Upon each pledge by any Future Subsidiary Guarantor of the Capital Stock of any future Restricted Subsidiary in accordance with Section 10.02(a) or Section 10.02(b), the Company will give notice, file, register or record any supplemental indentures, financing statements, continuation statements, pledge agreements or other instruments or cause each such Future Subsidiary Guarantor Pledgor to give notice, file, register or record any supplemental indentures, financing statements, continuation statements, pledge agreements or other instruments and take any other actions as may be required by applicable law, in order to perfect and protect the Lien thereby created.

Certificates of the Company and Each of the Subsidiary Guarantor Pledgors.

On or before a date not more than 120 days after the end of each fiscal year, as required by Section 6.08 hereof, the Company shall furnish to the Trustee a Compliance Certificate in the form of Exhibit I hereto.

With respect to any proposed release of the Collateral, upon receipt of an Officers’ Certificate stating that all conditions precedent under this Indenture, the

Intercreditor Agreement and the relevant Security Documents, as applicable, to such release have been met and that such release has been authorized by, permitted by and made in accordance with the provisions of the Indenture, the Intercreditor Agreement and the relevant Security Documents, and an Opinion of Counsel stating that all conditions precedent to such release have been met, the Trustee and the Common Security Trustee shall execute, deliver or acknowledge (at the Company's expense) such instruments or releases to evidence the release and discharge of any Collateral permitted to be released pursuant to this Indenture.

Authorization of Actions to be Taken by the Trustee Under the Security Documents. (e) The Trustee shall be the representative on behalf of the Holders of the Notes and shall act upon the written direction of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes (subject to receiving indemnity and/or security to its satisfaction) with regard to all voting, consent and other rights granted to the Holders of the Notes under the Security Documents and the Intercreditor Agreement.

Subject to the terms of the Security Documents and the Intercreditor Agreement, the Trustee may on behalf of the Holders of Notes, and shall upon request of Holders of at least 25% in aggregate principal of the outstanding Notes, subject to its right to be indemnified and/or secured to its satisfaction by such Holders, take all actions it deems necessary or appropriate in order to (x) enforce any of its rights or any of the rights of the Holders of the Notes under the Security Documents, as directed by the Holders, and (y) receive any and all amounts payable from the Collateral in respect of the obligations of the Company and the Subsidiary Guarantors hereunder.

Subject to the terms of the Security Documents and the Intercreditor Agreement, the Trustee shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents, the Intercreditor Agreement or this Indenture, and such suits and proceedings as the Trustee, in consultation with its counsel where appropriate or necessary, may deem expedient to preserve or protect its interest and the interests of the Holders of the Notes in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders of the Notes or the Trustee). The Trustee is hereby irrevocably authorized by each Holder of the Notes to effect any release of Liens or Collateral contemplated by Section 10.06 hereof or by the terms of the Security Documents or the Intercreditor Agreement. The Trustee shall not be deemed to have knowledge of any acts that may be unlawful or in violation of the Security Documents or this Indenture unless and until a Responsible Officer of the Trustee receives written notice, or the Trustee otherwise obtains actual knowledge, of such unlawful acts or violation through written notification describing the circumstances of such, and identifying the circumstances constituting such unlawful acts or violation.

Notwithstanding the provisions of this Section 10.04, the Trustee may, in its sole and absolute discretion and without the consent of the Holders of the Notes, relinquish its responsibilities as the representative on behalf of the Holders of the Notes under the Security Documents, if and when the Company incurs any Permitted Pari Passu Secured Indebtedness.

The Trustee will not be responsible for the adequacy of the Collateral in respect of the obligations of the Company and the Subsidiary Guarantors hereunder.

The Trustee may assume that, unless a Responsible Officer of the Trustee has received notice to the contrary, any right, power, authority or discretion vested in any party under the terms of this Indenture has not been exercised, and if it receives any instructions or directions from an Agent or other person to take any action in relation to the Security Documents, that all applicable conditions under this Indenture, the Intercreditor Agreement and any Security Documents have been satisfied and that such instructions or directions are duly given in accordance with the terms of this Indenture, the Intercreditor Agreement and/or the Security Documents, as the case may be.

The Trustee shall be entitled to seek clarification with respect to any instruction given to it by the Holders and shall be entitled to refrain from acting in the absence of any, or any clear, instruction.

Except as specifically provided in a Security Document, nothing in the Security Documents shall make the Trustee a trustee or fiduciary for any other party or any other person.

Authorization of Receipt of Funds by the Trustee Under the Security Documents. Subject to the Intercreditor Agreement, the Trustee is authorized to receive and distribute any funds for the benefit of the Holders of the Notes under the Security Documents, and to make further distributions of such funds to the Holders of the Notes according to the provisions of this Indenture, the Intercreditor Agreement and the Security Documents.

Release of Security. (f) Subject to the Intercreditor Agreement, Section 10.03(b) and Section 314(d) of the TIA (if applicable), the security created in respect of the Collateral granted under the Security Documents may be released in the following circumstances:

upon repayment in full of the Notes;

upon defeasance and discharge of the Notes as provided above under Article VIII;

upon certain dispositions of certain types of the Collateral in compliance with Section 4.11 or Section 4.14 or in accordance with Section 5.01;

with respect to security granted by a Subsidiary Guarantor Pledgor, upon the release of the Subsidiary Guarantee of such Subsidiary Guarantor Pledgor in accordance with the terms of this Indenture;

with respect to a Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, the release of the pledge of Capital Stock made by the Company or any Subsidiary Guarantor over the shares it owns in such New Non-Guarantor Subsidiary;

in connection with and upon execution of a JV Subsidiary Guarantee to replace a Subsidiary Guarantee with respect to all pledges of Capital Stock granted by such JV Subsidiary Guarantor or its Subsidiaries in its direct and indirect Subsidiaries, in accordance with the terms of this Indenture;

with respect to any pledge over any Capital Stock of any Subsidiary Guarantor or JV Subsidiary Guarantor, upon the designation by the Company of such Subsidiary Guarantor or JV Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Indenture; or

in whole or in part, with the requisite consent of the Holders in accordance with Article IX.

Upon written request of the Company or any Subsidiary Guarantor, in connection with any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition of assets or property permitted by this Indenture (including, without limitation, Sections 4.11, 4.14 or 5.01 hereof), the Trustee shall (without notice to, or vote or consent of, any Holder) take such actions as shall be required to permit the Common Security Trustee to release its security interest in any Collateral being disposed in such disposition, to the extent necessary to permit consummation of such disposition in accordance with this Indenture, the Intercreditor Agreement and the Security Documents and the Trustee shall receive full payment therefor from the Company for any costs or expenses incurred thereby.

Any release of Collateral made in compliance with this Section 10.06 shall not be deemed to impair the Lien under the Security Documents or the Collateral thereunder in contravention of the provisions of this Indenture, the Intercreditor Agreement or the Security Documents.

No purchaser or grantee of any property or rights purporting to be released herefrom shall be bound to ascertain the authority of the Trustee to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Indenture to be sold or otherwise disposed of by the Company and the Subsidiary Guarantors be under any obligation to ascertain or inquire into the authority of the Company or any Subsidiary Guarantor to make such sale or other disposition.

No release and discharge of the Security will be effective against the Trustee, the Common Security Trustee, any Agent or the Holders of Notes until the Company shall have delivered to the Trustee and the Common Security Trustee an Officers' Certificate stating that all conditions precedent under this Indenture, the Intercreditor Agreement and the relevant Security Documents, as applicable, to such release and discharge have been met and that such release and discharge is authorized and permitted under this Indenture, the Intercreditor Agreement and the Security Documents and an Opinion of Counsel stating that all conditions precedent to such release have been met.

SUBSIDIARY GUARANTEES AND JV SUBSIDIARY GUARANTEES

The Subsidiary Guarantees and JV Subsidiary Guarantees. Subject to the provisions of this Article XI, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (such guarantee provided by a JV Subsidiary Guarantor, a “**JV Subsidiary Guarantee**”) (whether originally a signatory hereto or added pursuant to a supplemental indenture) hereby, jointly and severally, guarantees as principal obligor to each Holder of a Note authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other

amounts payable to the Holders or the Trustee under this Indenture or the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount.

Guarantee Unconditional. The respective obligations of each Subsidiary Guarantor and JV Subsidiary Guarantor hereunder are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by:

any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under this Indenture or any Note, by operation of law or otherwise;

any modification or amendment of or supplement to this Indenture or any Note;

any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in this Indenture or any Note;

the existence of any claim, set off or other rights which the Subsidiary Guarantor or JV Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with this Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of this Indenture or any Note; or

any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor's or such JV Subsidiary Guarantor's obligations hereunder.

Discharge; Reinstatement. The obligations of each Subsidiary Guarantor and each JV Subsidiary Guarantor hereunder will remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Company under this Indenture have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Company under this Indenture is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the obligations of each Subsidiary Guarantor and each JV Subsidiary Guarantor hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time. All cash payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be made in U.S. dollars.

Waiver by the Subsidiary Guarantors. Each Subsidiary Guarantor and JV Subsidiary Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Company or any other Person. In particular, each of the Subsidiary Guarantors and JV Subsidiary Guarantors irrevocably waives its right to require

the Trustee to pursue or exhaust the Trustee's legal or equitable remedies against the Company prior to exercising the Trustee's rights under the Subsidiary Guarantee and the JV Subsidiary Guarantees, as the case may be.

Subrogation and Contribution. Upon making any payment with respect to any obligation of the Company under this Article, the Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, making such payment will be subrogated to the rights of the payee against the Company with respect to such obligation; *provided* that the Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from any other Subsidiary Guarantor or JV Subsidiary Guarantor, with respect to such payment so long as any amount payable by the Company hereunder or under the Notes remains unpaid.

Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Company under this Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of this Indenture are nonetheless payable by the Subsidiary Guarantors and JV Subsidiary Guarantors hereunder forthwith on demand by the Trustee or the Holders.

Limitation on Amount of Subsidiary Guarantee and JV Subsidiary Guarantee. Notwithstanding anything to the contrary in this Article, each Subsidiary Guarantor and JV Subsidiary Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor not constitute a fraudulent conveyance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable law of any other jurisdiction. To effectuate that intention, the Trustee, the Holders, the Subsidiary Guarantors and JV Subsidiary Guarantors hereby irrevocably agree that (a) the obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally, and (b) the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Ranking of Subsidiary Guarantees and JV Subsidiary Guarantees. (a) The Subsidiary Guarantee of each Subsidiary Guarantor: (i) is a general obligation of such Subsidiary Guarantor; (ii) is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor (other than the Collateral); (iii) is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to the Subsidiary Guarantee; (iv) ranks at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of

such unsecured, unsubordinated Indebtedness pursuant to applicable law); and (v) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

(b) The JV Subsidiary Guarantee of any JV Subsidiary Guarantor: (i) is a general obligation of such JV Subsidiary Guarantor; (ii) is enforceable only up to the JV Entitlement Amount; (iii) is effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; (iv) is limited to the JV Entitlement Amount, and senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; (v) is limited to the JV Entitlement Amount, and ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and (vi) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Further Subsidiary Guarantors. (c) The Company will use its reasonable best efforts to obtain any necessary consents and waivers and to take all other actions necessary to cause any future Restricted Subsidiary (other than any Subsidiary that is organized under the laws of the PRC or Exempted Subsidiaries) as soon as practicable to execute a supplemental indenture to this Indenture pursuant to which such future Restricted Subsidiary will guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor; *provided* that in exercising such reasonable best efforts, the Company shall not be required to take any action that is commercially unreasonable.

Subject to Section 11.09(a), the Company will, for the benefit of the Holders of the Notes, cause each of its future Subsidiaries (other than Subsidiaries organized under the laws of the PRC or Exempted Subsidiaries) after the Exchange Date, as soon as practicable after such Subsidiary becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to this Indenture pursuant to which such future Restricted Subsidiary will guarantee the payments under this Indenture or the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor.

Notwithstanding Sections 11.09(a) and 11.09(b), the Company may elect to have any future Restricted Subsidiary (and its Restricted Subsidiaries) organized outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary (the “**New Non-Guarantor Subsidiary**” and, together with the Existing Non-Guarantor Subsidiaries, the “**Non-Guarantor Subsidiaries**”); *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 20% of Total Assets.

Each Restricted Subsidiary that guarantees the Notes after the Exchange Date other than through a JV Subsidiary Guarantee is referred to as a “**Future Subsidiary Guarantor**” and, upon execution of the applicable supplemental indenture, will be a “**Subsidiary Guarantor.**”

(i) In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Exchange Date or any entity (x) that is incorporated in any jurisdiction other than the PRC and (y) in respect of

which the Company or any Restricted Subsidiary (A) in the case of a Restricted Subsidiary, is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary or (B) in the case of any other entity, is proposing to purchase the Capital Stock of such entity such that it becomes a Subsidiary and designate such entity as a Restricted Subsidiary, the Company may, concurrently with or as soon as practicable after the consummation of such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (1) such Restricted Subsidiary and (2) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries), if the following conditions are satisfied:

as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any such Restricted Subsidiary that would have the effect of (A) prohibiting the Company or any such Restricted Subsidiary from providing such JV Subsidiary Guarantee or (B) requiring the Company or any Restricted Subsidiary to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;

concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee and, if applicable, the Common Security Trustee (as defined below):

15. (x) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries) and (y) a duly executed supplemental indenture to this Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

16. a duly executed Security Document that pledges in favor of the Common Security Trustee for the benefit of the Trustee and the Holders of the Notes the Capital Stock of such JV Subsidiary Guarantor held by the Company or any Subsidiary Guarantor, but not the Capital Stock of the direct or indirect Subsidiaries of such JV Subsidiary Guarantor;

17. an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

18. a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Execution and Delivery of Guarantee. The execution by each Subsidiary Guarantor and JV Subsidiary Guarantor of this Indenture (or a supplemental indenture in the form of Exhibit H) evidences the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, whether or not the person signing as an officer of the Subsidiary Guarantor or JV Subsidiary Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Registrar after authentication constitutes due delivery of the Subsidiary Guarantee or JV Subsidiary Guarantee set forth in this Indenture on behalf of each Subsidiary Guarantor or JV Subsidiary Guarantor.

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees. (d) Subject to Section 10.03(b), a Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a Subsidiary Guarantor will be released upon,

repayment in full of the Notes;

a defeasance and discharge as provided in Article VIII;

the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of this Indenture;

the sale, disposition or merger of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of this Indenture (including Sections 4.11, 4.14 and 5.01) resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (A) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (B) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by this Indenture;

in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee;

in the case of a Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, in compliance with the terms of this Indenture; or

with the requisite consent of the Holders in accordance with Article IX.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may, concurrently with or as soon as practicable after the consummation of such sale or issuance of Capital Stock, (i) instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become New Non-Guarantor Subsidiaries (such that each New Non-Guarantor Subsidiary will no longer guarantee the Notes) and (ii) instruct the Common Security Trustee to (A) discharge the pledge of the

Capital Stock granted by each such New Non-Guarantor Subsidiary and (B) discharge the pledge of Capital Stock made by the Company or any Subsidiary Guarantor over the shares it owns in such New Non-Guarantor Subsidiary (in each case, without any requirement to seek the consent or approval of the Holders of the Notes), *provided* that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including the New Non-Guarantor Subsidiaries) do not account for more than 20% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this clause (b) if, as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (x) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee or (y) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under this Indenture to such release have been met and that such release is authorized and permitted by this Indenture, and an Opinion of Counsel stating that all conditions precedent to such release have been met, in which case the Trustee shall execute, deliver or acknowledge (at the Company's expense) such instruments or releases to evidence the release and discharge of the Subsidiary Guarantee or, as the case may be, the JV Subsidiary Guarantee permitted to be released pursuant to this Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees. (e) A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (x) such Subsidiary Guarantor or (y) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

as of the date of such proposed release, no document exists that is binding on the Company or any such Restricted Subsidiary that would have the effect of (A) prohibiting the Company or any such Restricted Subsidiary from releasing such Subsidiary Guarantee or (B) requiring the Company or any such Restricted Subsidiary to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;

concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee and, if applicable, the Common Security Trustee:

19. (x) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC and (y) a duly executed supplemental indenture to

this Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

20. a duly executed Security Document that pledges in favor of the Common Security Trustee for the benefit of the Trustee and the Holders of the Notes the Capital Stock of such JV Subsidiary Guarantor held by the Company or any Subsidiary Guarantor, but not the Capital Stock of the direct or indirect Subsidiaries of such JV Subsidiary Guarantor;

21. an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantees have been approved by a majority of the disinterested members of the Board of Directors; and

22. a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing clause (a), any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in this Indenture, including the covenants under Sections 4.07 and 4.14.

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with Section 4.14.

MISCELLANEOUS

Ranking. The Notes are (a) general obligations of the Company, (b) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (c) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law), (d) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations set forth in Article X, (e) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the collateral serving as security therefor (other than the Collateral), and (f) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. Pursuant to the pledge of the Collateral by the Company and certain Subsidiary Guarantor Pledgors as set forth in Article XI and subject to the limitations described therein, the Notes (i) are entitled to a Lien on the Collateral (subject to any Permitted Liens and the Intercreditor Agreement); and (ii) rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law).

Incorporation by Reference of Trust Indenture Act; Trust Indenture Act Controls. (a) Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. All terms used in this Indenture that are defined by the TIA, defined by the TIA by reference to another statute or defined by any SEC rule under the TIA and not otherwise defined herein have the meanings so assigned to them.

(b) If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision of the TIA shall control.

Notices

Any notice or demand to or by the Holders are required to be in writing in the English language and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor or the Trustee) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor or the Trustee, as the case may be, at the Corporate Trust Office of the Trustee at Wilmington Trust, National Association, Rodney Square North, 1100 North Market Street, Wilmington, DE 19890, United States of America, and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register. Copies of any notice or communication to a Holder, if given by the Company, will be mailed to the Trustee at the same time. Defect in mailing a notice or communication to any particular Holder will not affect its sufficiency with respect to other Holders.

While the Notes are in global form, any notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable procedures of Euroclear and Clearstream. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream or if by mail, when so sent or deposited.

Where this Indenture provides for notice, the notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and the waiver will be the equivalent of the notice. Waivers of notice by Holders must be filed with the Trustee, but such filing is not a condition precedent to the validity of any action taken in reliance upon such waivers.

The Trustee shall facilitate communication between Holders as required under Section 312(b) of the TIA, and any disclosure of information in accordance with such Section 312(b) of the TIA shall be protected pursuant to Section 312(c) of the TIA.

Notices to the Trustee are deemed given only upon actual receipt by the Trustee thereof.

Certificate and Opinion as to Conditions Precedent.

(f) Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company will furnish to the Trustee:

an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any; provided for in this Indenture relating to the proposed action have been complied with;

an Opinion of Counsel stating that all such conditions precedent have been complied with; and

an incumbency certificate giving the names and specimen signatures of Authorized Officers for any such Authorized Officers who have not previously provided specimen signatures to the Trustee.

In any case where several matters are required to be certified by, or covered by an Opinion of Counsel of, any specified Person, it is not necessary that all such matters be certified by, or covered by the Opinion of Counsel of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an Opinion of Counsel with respect to some matters and one or more such Persons as to other matters, and any such Person may certify or give an Opinion of Counsel as to such matters in one or several documents.

Any certificate of an Officer of the Company or any Subsidiary Guarantor may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which his certificate is based are erroneous. Any Opinion of Counsel may be based, and may state that it is so based, insofar as it relates to factual matters, upon a certificate of, or representations by, an officer or officers of the Company or a Subsidiary Guarantor stating that the information with respect to such factual matters is in the possession of the Company or such Subsidiary Guarantor, as the case may be, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to Section 314(a)(4) of the TIA and Section 6.08 of this Indenture) shall comply with the provisions of Section 314(e) of the TIA and shall include:

a statement that each person signing the certificate or opinion has read the covenant or condition and the related definitions;

a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in the certificate or opinion is based;

a statement that, in the opinion of each such person, that person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with; *provided* that an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials with respect to matters of fact.

Payment Date Other Than a Business Day. If any payment with respect to a payment of any principal of, premium, if any, or interest on any Note (including any payment

to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period on account of such delay.

Governing Law, Consent to Jurisdiction; Waiver of Immunities. (g) Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and this Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors hereby irrevocably submits to the non-exclusive jurisdiction of any United States federal or New York state court sitting in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out, of or relating to, this Indenture, any Note, any Subsidiary Guarantee or JV Subsidiary Guarantee or any transaction contemplated thereby. The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, trial by jury and any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, irrevocably waives such immunity in respect of its obligations hereunder or under any Note, or any Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable. The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors agree that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Company, the Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, to the extent permitted by applicable law, may be enforced in any court to the jurisdiction of which the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, as the case may be, is subject by a suit upon such judgment or in any manner provided by law; *provided* that service of process is effected upon the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, as the case may be, in the manner specified in the following subsection or as otherwise permitted by applicable law.

As long as any of the Notes remain outstanding, the Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors will at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to this Indenture, any Note or any Subsidiary Guarantee or JV Subsidiary Guarantee. Service of process upon such agent and written notice of such service mailed or delivered to the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, in any such legal action or proceeding. The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors hereby appoints National Corporate Research, Ltd. as its agent for such purpose, and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at 10 East 40th Street, 10th Floor, New York, New York 10016, United States. Notwithstanding the foregoing, the Company or any Subsidiary

Guarantor or JV Subsidiary Guarantor may, with prior written notice to the Trustee, terminate the appointment of National Corporate Research, Ltd. and appoint another agent for the above purposes so that the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors shall at all times have an agent for the above purposes in the City of New York.

The Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors hereby irrevocably waives, to the fullest extent permitted by applicable law, any requirement or other provision of law, rule, regulation or practice which requires or otherwise establishes as a condition to the institution, prosecution or completion of any suit, action or proceeding (including appeals) arising out of or relating to this Indenture or any Note, any Subsidiary Guarantee or JV Subsidiary Guarantee, the posting of any bond or the furnishing, directly or indirectly, of any other security.

No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture or loan or debt agreement of the Company or any Subsidiary of the Company, and no such indenture or loan or debt agreement may be used to interpret this Indenture.

Successors. All agreements of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successor.

Duplicate Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Separability. In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Table of Contents and Headings. The Table of Contents, Cross-Reference Table⁴ and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and in no way modify or restrict any of the terms and provisions of this Indenture.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors or Employees. No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any of the Subsidiary Guarantors or the JV Subsidiary Guarantors in this Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, member, officer, director, employee or controlling person of the Company or any of the Subsidiary Guarantors or the JV Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under any applicable law.

⁴ To be added

The Trustee is hereby authorized to enter into and to perform its duties and obligations under the Security Documents, the Intercreditor Agreement (including any supplements, amendments or modifications thereto) and any future intercreditor agreement required and permitted under this Indenture.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

Kaisa Group Holdings Ltd.

By: _____
Name:
Title:

For and on behalf of each of the
Subsidiary Guarantors listed in
Schedule I hereto

By: _____
Name:
Title:

Wilmington Trust, National Association, as
Trustee

By: _____
Name:
Title:

FORM OF FACE OF CERTIFICATED NOTE

No. ___

KAISA GROUP HOLDINGS LTD.

SERIES [●] VARIABLE RATE SENIOR NOTES DUE [●]

Certificated Note

Guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors

KAISA GROUP HOLDINGS LTD., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), for value received, hereby promises to pay to _____ or registered assigns, upon surrender hereof 102% of the principal sum of _____ UNITED STATES DOLLARS (US\$ _____), as set forth on the books and records of the Registrar, on [●], or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Interest Rate and Pay-in-Kind Election: See the reverse hereof.

Interest Payment Dates: June 30 and December 31, commencing December 31, 2016.

Interest Record Dates: close of business on the fifteenth day immediately preceding an Interest Payment Date whether or not such day is a Business Day.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Registrar acting under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Date:

KAISA GROUP HOLDINGS LTD.

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Series [●] Variable Rate Senior Notes due [●] described in the Indenture referred to in this Note.

Date:

CITIGROUP GLOBAL MARKETS
DEUTSCHLAND AG, as Registrar

By. _____

Name:

Title:

FORM OF REVERSE OF CERTIFICATED NOTE

KAISA GROUP HOLDINGS LTD.

Series [●] Variable Rate Senior Notes due [●]

1. Principal, Premium and Interest.

The Company promises to pay a final redemption price equal to 102% of the principal of this Note on [●].

The Company promises to pay interest on the then outstanding principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rates and in the manners as follows:

- i. during the period from (and including) the Exchange Date to (and excluding) January 1, 2017, [●]% per annum, in the form of PIK Notes (unless the Company elects to pay interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent);
- ii. during the one-year period from (and including) January 1, 2017 to (and excluding) January 1, 2018, (x) [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes, or (y) [●]% per annum, in cash only, if the Company elects to pay all interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent;
- iii. during the six-month period from (and including) January 1, 2018 to (and excluding) July 1, 2018, (x) [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes, or (y) [●]% per annum, in cash only, if the Company elects to pay all interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent;
- iv. during the six-month period from (and including) July 1, 2018 to (and excluding) January 1, 2019, (x) [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes, or (y) [●]% per annum, in cash only, if the Company elects to pay all interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent; and
- v. thereafter, [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes.

In the absence of any interest payment election by the Company, interest on this Note (other than for any Interest Payment Date falling on or after January 1, 2019) shall be paid entirely in cash or, if applicable, in a combination of PIK Notes and cash pursuant to the preceding paragraph. In the event that the Company pays interest on this Note partially or entirely by issuing PIK Notes, the Company shall issue PIK Notes having an aggregate

principal amount equal to the amount of interest elected to be paid through the issuance of PIK Notes (“**PIK Interest**”) in accordance with, and subject to the terms of, the Indenture.

Notwithstanding the foregoing, the Company shall no longer be entitled to make interest payment in PIK Notes in lieu of cash for any Interest Payment Date on or after such date as the Company (i) issues any Subordinated Indebtedness or equity (or any instrument that is a hybrid thereof), (ii) pays any dividend with respect to the Company’s Capital Stock, or (iii) with respect to any Notes called for redemption.

Interest will be payable semi-annually in arrears (to the Holders of record of the Notes at the close of business on the fifteenth day immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing June 30, 2016. If the Company pays a portion of the interest on the Notes in cash and PIK Interest, such cash and PIK Interest shall be paid to the Holders of the Notes pro rata in accordance with their interests.

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such Interest Payment Date) or, if no interest has been paid, from the Exchange Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall pay interest (including post-petition interest in any proceeding under any bankruptcy law) on overdue principal in cash at the rate equal to 2% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any bankruptcy law) on overdue installments of interest (without regard to any applicable grace period) in cash at the same rate to the extent lawful, including in the event of any postponement of interest permitted under the TIA.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date, which will be the 15th day preceding the date fixed by the Company for the payment of such interest, whether or not such day is a Business Day. At least 15 days prior to a special record date, the Company will send to each Holder, the Paying Agent and the Trustee a notice that sets forth the special record date, the payment date and the amount of interest to be paid.

Interest that is paid in the form of PIK Interest shall be considered paid or duly provided for, for all purposes of the Indenture and shall not be considered overdue. Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption or purchase of the Notes under Sections 3.01, 3.02, 3.03, 4.13 and 4.14 of the Indenture shall be paid solely in cash.

2. Indenture; Subsidiary Guarantee; Collateral.

This is one of the Notes issued under an Indenture, dated as of July 21, 2016 (as amended from time to time, the “**Indenture**”), among Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), the Subsidiary Guarantors and Wilmington Trust, National Association, as Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture (including those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code Sections

77aaa-77bbb) as amended and in effect from time to time (the “TIA”). The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Company. The Indenture limits the original aggregate principal amount of the Notes to US\$[●], but Additional Notes and PIK Notes may be issued pursuant to the Indenture, and the originally issued Notes and all such Additional Notes and PIK Notes vote together for all purposes as a single class.

The Company’s obligations under this Note are guaranteed, jointly and severally, by the Subsidiary Guarantors and will be secured by a pledge on the Capital Stock of certain Subsidiary Guarantors and other Subsidiaries of the Company, as set forth in the Indenture.

3. Redemption and Repurchase; Discharge Prior to Redemption or Maturity.

The Note are subject to optional redemption pursuant to Sections 3.01 and 3.02 of the Indenture, and may be subject to Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale, in each case, as further described in the Indenture. Payments of accrued interest in the event of a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale shall be made in cash.

The Notes are subject to a mandatory redemption pursuant to Section 3.03 of the Indenture. Other than with respect to Section 3.03 of the Indenture, the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

If the Company deposits with the Trustee money in U.S. dollars or U.S. Government Obligations sufficient to pay the then outstanding principal of, premium, if any, and accrued interest on the Notes to redemption or maturity, the Company may in certain circumstances be discharged from the Indenture and the Notes or may be discharged from certain of the Company’s obligations under certain provisions of the Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of US\$1,000 or integral multiples thereof and may be transferred only in amounts of US\$1,000 or greater. PIK Notes in the form of Certificated Notes will be issued in minimum denominations of US\$1 and integral multiples of US\$1 in excess thereof but may only be transferred in denominations of US\$1,000 and integral multiples of US\$1 in excess thereof. Notwithstanding the foregoing, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Transfer Agent may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Transfer Agent will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be immediately due and payable. If a bankruptcy or insolvency default with respect to the Company occurs and is continuing, the Notes automatically become immediately due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require security and/or indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, or default may be waived, with the consent of the Holders of a majority in aggregate principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not materially and adversely affect the rights of any Holder.

7. Authentication.

This Note is not valid until the Registrar signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company will furnish a copy of the Indenture to any Holder upon written request and without charge.

SUBSIDIARY GUARANTEE

Each Subsidiary Guarantor hereby fully and unconditionally guarantees to the Holder of the Note upon which this Subsidiary Guarantee is endorsed the due and punctual payment of the principal of and interest on and all other amounts (including, without limitation, Additional Amounts) payable under such Note provided for pursuant to the Indenture, dated as of July 21, 2016 (the “**Indenture**”) among Kaisa Group Holdings Ltd. (the “**Company**”), the Subsidiary Guarantors and the Trustee, and the terms of such Note when and as the same shall become due and payable, whether at the stated maturity (including, without limitation, Additional Amounts), by declaration of acceleration, by call for redemption or otherwise, in each case in accordance with the terms of such Note and of the Indenture.

The obligations of each Subsidiary Guarantor to the Holder of the Note to which this Subsidiary Guarantee relates are subject to the further provisions set forth in Article XI of the Indenture, and reference is hereby made to such Article and the Indenture for such purpose.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is endorsed shall have been executed by the Registrar in the manner set forth in the Indenture.

Terms not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

For and on behalf of each of the
Subsidiary Guarantors listed in
Schedule I to the Indenture

By: _____

Name:

Title:

JV SUBSIDIARY GUARANTEE⁵

Each of the undersigned (the “**JV Subsidiary Guarantors**”) hereby, jointly and severally, guarantees as principal obligor to each Holder of a Note authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture, in each case, subject to the terms of the Indenture and up to a limit that is equal to the JV Entitlement Amount. The obligations of each JV Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note; (4) the existence of any claim, set off or other rights which the JV Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note; or (6) any other act or omission to act or delay of any kind by the Company, the trustee or any other person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such JV Subsidiary Guarantor’s obligations hereunder.

This JV Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of any JV Subsidiary Guarantor, as otherwise contemplated in the Indenture (subject to a limit that is equal to the JV Entitlement Amount). in case of the failure of the Company punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, each of the JV Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Company; *provided* that such payment does not exceed the JV Entitlement Amount as defined in the Indenture.

Subject to certain exceptions as set forth in the Indenture, each of the JV Subsidiary Guarantors hereby further agrees that all payments of, or in respect of, principal of, and premium (if any) and interest in respect of this JV Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined in the Indenture) or the applicable JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. in the event that any such withholding or deduction is so required, each JV Subsidiary Guarantor severally agrees to pay such additional amounts as will result in receipt by the holder of this

⁵ To be included if there are JV Subsidiary Guarantors at the time

JV Subsidiary Guarantee of such amounts as would have been received by such holder had no such withholding or deduction been required.

The obligations of the JV Subsidiary Guarantors to the holder of this Note and to the Trustee pursuant to this JV Subsidiary Guarantee and the Indenture are expressly set forth in Article XI of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the JV Subsidiary Guarantee.

This JV Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this JV Subsidiary Guarantee is endorsed shall have been executed by the Registrar under the Indenture by manual signature of one of its authorized officers.

For and on behalf of each of the JV
Subsidiary Guarantors listed in the
Schedule II hereto

By: _____
Name:
Title:

**SCHEDULE II TO EXHIBIT A
LIST OF JV SUBSIDIARY GUARANTORS**

[List all JV Subsidiary Guarantors at the time the Certificated Note is issued]

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby transfers to

(PRINT NAME AND ADDRESS OF TRANSFEREE)

US\$_____ principal amount of this Note, and all rights with respect thereto, and irrevocably constitutes and appoints _____ as attorney to transfer this Note on the books kept for registration thereof, with full power of substitution.

Dated _____
_____ Certifying Signature

Signed _____

Note:

(i) The signature on this transfer form must correspond to the name as it appears on the face of this Note in every particular.

(ii) A representative of the Holder of the Note should state the capacity in which he or she signs (*e.g.*, executor).

(iii) The signature of the person effecting the transfer shall conform to any list of duly authorized specimen signatures supplied by the registered holder or shall be certified by a bank which is a member of the Medallion Program or in such other manner as any Paying Agent or the Registrar may require.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Company pursuant to Section 4.13 or Section 4.14 of the Indenture, check the box:

If you wish to have a portion of this Note purchased by the Company pursuant to Section 4.13 or Section 4.14 of the Indenture, state the amount (in original principal amount) below:

US\$ _____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee⁶: _____

⁶ Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the United States Securities Exchange Act of 1934, as amended.

TRUSTEE, PAYING AGENT AND REGISTRAR

Trustee

Wilmington Trust, National Association
Rodney Square North
1100 North Market Street
Wilmington, DE 19890
United States of America
Facsimile: +1 302 636 4149
Attention: Global Capital Markets – Corporate Debt

Paying Agent

Citibank, N.A., London Branch
c/o Citibank, N.A., Dublin Branch
1 North Wall Quay
Dublin 1
Ireland

Registrar

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt
Germany

3.

EXHIBIT B

[Intentionally Left Blank]

4.

EXHIBIT C

[Intentionally Left Blank]

FORM OF GLOBAL NOTE**KAISA GROUP HOLDINGS LTD.**

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CITIBANK EUROPE PLC, AS COMMON DEPOSITARY (“**COMMON DEPOSITARY**”) FOR EUROCLEAR BANK SA/NV (“**EUROCLEAR**”) AND CLEARSTREAM BANKING, S.A. (“**CLEARSTREAM**”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN THE COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“**OID**”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE.

Holders may obtain information regarding the amount of any OID, the issue price, the issue date and the yield to maturity relating to the Notes by contacting the Company Secretary at info@kaisagroup.com, telephone +852 3900 0988 or fax +852 3900 0990.

No. ___

ISIN: XS[●]
Common Code: [●]

KAISA GROUP HOLDINGS LTD.

US\$_____

KAISA GROUP HOLDINGS LTD.

SERIES [●] VARIABLE RATE SENIOR NOTES DUE [●]

Global Note

Guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors

KAISA GROUP HOLDINGS LTD., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), for value received, hereby promises to pay to Citvic Nominees Limited as the nominee of the common depositary or registered assigns, upon surrender hereof 102% of the principal sum of

UNITED STATES DOLLARS (US\$_____), as revised by the Schedule of Exchanges of the Notes attached hereto, on [●], or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Interest Rate and Pay-in-Kind Election: See the reverse hereof.

Interest Payment Dates: June 30 and December 31, commencing December 31, 2016.

Interest Record Dates: close of business on the Business Day immediately preceding an Interest Payment Date.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Registrar acting under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Date: _____, 20__

KAISA GROUP HOLDINGS LTD.

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Series [●] Variable Rate Senior Notes due [●] described in the Indenture referred to in this Note.

Date: _____, 20__

CITIGROUP GLOBAL MARKETS
DEUTSCHLAND AG, as Registrar

By. _____

Name:

Title:

FORM OF REVERSE OF GLOBAL NOTE

KAISA GROUP HOLDINGS LTD.

Series [●] Variable Rate Senior Notes due [●]

1. Principal, Premium and Interest.

The Company promises to pay a final redemption price equal to 102% of the principal of this Note on [●].

The Company promises to pay interest on the then outstanding principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rates and in the manners as follows:

- i. during the period from (and including) the Exchange Date to (and excluding) January 1, 2017, [●]% per annum, in the form of PIK Notes (unless the Company elects to pay interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent);
- ii. during the one-year period from (and including) January 1, 2017 to (and excluding) January 1, 2018, (x) [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes, or (y) [●]% per annum, in cash only, if the Company elects to pay all interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent;
- iii. during the six-month period from (and including) January 1, 2018 to (and excluding) July 1, 2018, (x) [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes, or (y) [●]% per annum, in cash only, if the Company elects to pay all interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent;
- iv. during the six-month period from (and including) July 1, 2018 to (and excluding) January 1, 2019, (x) [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes, or (y) [●]% per annum, in cash only, if the Company elects to pay all interest in cash prior to the relevant Interest Payment Date by providing not less than fifteen days' prior written notice to the Holders, the Trustee and the Paying Agent; and
- v. thereafter, [●]% per annum, comprising [●]% in cash and [●]% in the form of PIK Notes.

In the absence of any interest payment election by the Company, interest on the Notes (other than for any Interest Payment Date falling on or after January 1, 2019) shall be paid entirely in cash or, if applicable, in a combination of PIK Notes and cash pursuant to the preceding paragraph. In the event that the Company pays interest on this Note partially or entirely by issuing PIK Notes, the Company shall issue PIK Notes having an aggregate

principal amount equal to the amount of interest elected to be paid through the issuance of PIK Notes (“**PIK Interest**”) in accordance with, and subject to the terms of the Indenture.

Notwithstanding the foregoing, the Company shall no longer be entitled to make interest payment in PIK Notes in lieu of cash for any Interest Payment Date on or after such date as the Company (i) issues any Subordinated Indebtedness or equity (or any instrument that is a hybrid thereof), (ii) pays any dividend with respect to the Company’s Capital Stock, or (iii) with respect to any Notes called for redemption.

Interest will be payable semi-annually in arrears (to the Holders of record of the Notes at the close of business on the Business Day immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing June 30, 2016. If the Company pays a portion of the interest on the Notes in cash and PIK Interest, such cash and PIK Interest shall be paid to the Holders of the Notes pro rata in accordance with their interests.

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such Interest Payment Date) or, if no interest has been paid, from the Exchange Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Following an increase in the principal amount of the outstanding Global Notes as a result of a payment of PIK Interest in the form of PIK Notes, the Global Notes will bear interest on such increased principal amount from and after the applicable Interest Payment Date.

The Company shall pay interest (including post-petition interest in any proceeding under any bankruptcy law) on overdue principal in cash at the rate equal to 2% per annum in excess of the then applicable interest rate on this Note to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any bankruptcy law) on overdue installments of interest (without regard to any applicable grace period) in cash at the same rate to the extent lawful, including in the event of any postponement of interest permitted under the TIA.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date, which will be the 15th day preceding the date fixed by the Company for the payment of such interest, whether or not such day is a Business Day. At least 15 days prior to a special record date, the Company will send to each Holder, the Paying Agent and the Trustee a notice that sets forth the special record date, the payment date and the amount of interest to be paid.

Interest that is paid in the form of PIK Interest shall be considered paid or duly provided for, for all purposes of the Indenture and shall not be considered overdue. Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption or purchase of the Notes under Sections 3.01, 3.02, 3.03, 4.13 and 4.14 of the Indenture shall be paid solely in cash.

2. Indenture; Subsidiary Guarantee; Collateral.

This is one of the Notes issued under an Indenture, dated as of [•], 2016 (as amended from time to time, the “**Indenture**”), among Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), the Subsidiary Guarantors and Wilmington Trust, National Association, as

Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture (including those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb) as amended and in effect from time to time (the “TIA”). The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Company. The Indenture limits the original aggregate principal amount of the Notes to US\$[●], but Additional Notes and PIK Notes may be issued pursuant to the Indenture, and the originally issued Notes and all such Additional Notes and PIK Notes vote together for all purposes as a single class.

The Company’s obligations under this Note are guaranteed, jointly and severally, by the Subsidiary Guarantors and will be secured by a pledge on the Capital Stock of certain Subsidiary Guarantors and other Subsidiaries of the Company, as set forth in the Indenture.

3. Redemption and Repurchase; Discharge Prior to Redemption or Maturity.

The Note are subject to optional redemption pursuant to Sections 3.01 and 3.02 of the Indenture, and may be the subject Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale, in each case, as further described in the Indenture. Payments of accrued interest in the event of a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale shall be made in cash.

The Notes are subject to a mandatory redemption pursuant to Section 3.03 of the Indenture. Other than with respect to Section 3.03 of the Indenture, the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

If the Company deposits with the Trustee money in U.S. dollars or U.S. Government Obligations sufficient to pay the then outstanding principal of, premium, if any, and accrued interest on the Notes to redemption or maturity, the Company may in certain circumstances be discharged from the Indenture and the Notes or may be discharged from certain of the Company’s obligations under certain provisions of the Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of US\$1,000 and integral multiples of US\$1 in excess thereof and may be transferred only in amounts of US\$1,000 or greater. PIK Notes in the form of Certificated Notes will be issued in minimum denominations of US\$1 and integral multiples of US\$1 in excess thereof but may only be transferred in denominations of US\$1,000 and integral multiples of US\$1 in excess thereof. Notwithstanding the foregoing, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Transfer Agent may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Transfer Agent will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be immediately due and payable. If a bankruptcy or insolvency default with respect to the Company occurs and is continuing, the Notes automatically become immediately due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require security and/or indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, or default may be waived, with the consent of the Holders of a majority in aggregate principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not materially and adversely affect the rights of any Holder.

7. Authentication.

This Note is not valid until the Registrar signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company will furnish a copy of the Indenture to any Holder upon written request and without charge.

SUBSIDIARY GUARANTEE

Each Subsidiary Guarantor, hereby fully and unconditionally guarantees to the holder of the Note upon which this Subsidiary Guarantee is endorsed the due and punctual payment of the principal of and interest on and all other amounts (including, without limitation, Additional Amounts) payable under such Note provided for pursuant to the Indenture, dated as of [•], 2016 (the “**Indenture**”) among Kaisa Group Holdings Ltd. (the “**Company**”), the Subsidiary Guarantors and the Trustee, and the terms of such Note when and as the same shall become due and payable, whether at the stated maturity (including, without limitation, Additional Amounts), by declaration of acceleration, by call for redemption or otherwise, in each case in accordance with the terms of such Note and of the Indenture.

The obligations of each Subsidiary Guarantor to the holder of the Note to which this Subsidiary Guarantee relates are subject to the further provisions set forth in Article XI of the Indenture, and reference is hereby made to such Article and the Indenture for such purpose.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is endorsed shall have been executed by the Registrar in the manner set forth in the Indenture.

Terms not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

For and on behalf of each of the
Subsidiary Guarantors listed in Schedule
I to the Indenture

By: _____
Name:
Title:

JV SUBSIDIARY GUARANTEE⁷

Each of the undersigned (the “**JV Subsidiary Guarantors**”) hereby, jointly and severally, guarantees as principal obligor to each Holder of a Note authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture, in each case, subject to the terms of the Indenture and up to a limit that is equal to the JV Entitlement Amount. The obligations of each JV Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note; (4) the existence of any claim, set off or other rights which the JV Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note; or (6) any other act or omission to act or delay of any kind by the Company, the trustee or any other person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such JV Subsidiary Guarantor’s obligations hereunder.

This JV Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of any JV Subsidiary Guarantor, as otherwise contemplated in the Indenture (subject to a limit that is equal to the JV Entitlement Amount). in case of the failure of the Company punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, each of the JV Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Company; *provided* that such payment does not exceed the JV Entitlement Amount as defined in the Indenture.

Subject to certain exceptions as set forth in the Indenture, each of the JV Subsidiary Guarantors hereby further agrees that all payments of, or in respect of, principal of, and premium (if any) and interest in respect of this JV Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined in the Indenture) or the applicable JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. in the event that any such withholding or deduction is so required, each JV Subsidiary Guarantor

⁷ To be included if there are JV Subsidiary Guarantors at the time

severally agrees to pay such additional amounts as will result in receipt by the holder of this JV Subsidiary Guarantee of such amounts as would have been received by such holder had no such withholding or deduction been required.

The obligations of the JV Subsidiary Guarantors to the holder of this Note and to the Trustee pursuant to this JV Subsidiary Guarantee and the Indenture are expressly set forth in Article XI of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the JV Subsidiary Guarantee.

This JV Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this JV Subsidiary Guarantee is endorsed shall have been executed by the Registrar under the Indenture by manual signature of one of its authorized officers.

For and on behalf of each of the JV
Subsidiary Guarantors listed in the
Schedule II hereto

By: _____
Name:
Title:

**SCHEDULE II TO EXHIBIT D
LIST OF JV SUBSIDIARY GUARANTORS**

[List all JV Subsidiary Guarantors at the time the Global Note is issued]

TRANSFER NOTICE⁸

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

Please print or typewrite name and address including zip code of assignee

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

In connection with any transfer of this Note:

[Check One]

- (a) this Note is being transferred to the Company or a subsidiary thereof;
- (b) this Note is being transferred pursuant to and in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, accordingly, the undersigned does hereby further certify that this Note is being transferred to a Person that the undersigned reasonably believes is purchasing this Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Upon consummation of the proposed transfer, the Note will continue to be subject to the restrictions on transfer enumerated in the Restricted Notes Legend, the Indenture and the Securities Act;
- (c) this Note is being transferred pursuant to and in accordance with Regulation S and:
- (A) the offer of this Note was not made to a Person in the United States;
- (B) either:
- (i) at the time the buy order was originated, the transferee was outside the United States or the undersigned and any person acting on its behalf reasonably believed that the transferee was outside the United States, or
- (ii) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the

⁸ Applicable only to Additional Notes issued pursuant to Section 2.09 of the Indenture.

undersigned nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States;

- (C) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable;
- (D) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and
- (E) upon consummation of the proposed transfer, the Note will continue to be subject to the restrictions on transfer enumerated in the Restricted Notes Legend, the Indenture and the Securities Act.

- (d) this Note is being transferred in a transaction permitted by Rule 144;
- (e) this Note is being transferred pursuant to an effective registration statement under the Securities Act; or
- (f) the undersigned did not purchase this Note as part of the initial distribution thereof and the transfer is being effected pursuant to and in accordance with an applicable exemption (other than (a) through (d) above) from the registration requirements under the Securities Act and the undersigned has delivered to the Trustee such additional evidence that the Company or the Trustee may require as to compliance with such available exemption.

If none of the foregoing boxes is checked, the Registrar shall not be obligated to register this Note in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer or registration set forth herein and in Section 2.05 of the Indenture shall have been satisfied.

Date: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

TO BE COMPLETED BY PURCHASER IF (b) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned’s foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: _____

NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Company pursuant to Section 4.13 or Section 4.14 of the Indenture, check the box:

If you wish to have a portion of this Note purchased by the Company pursuant to Section 4.13 or Section 4.14 of the Indenture, state the amount (in original principal amount) below:

US\$_____.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee⁹: _____

⁹ Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the United States Securities Exchange Act of 1934, as amended

SCHEDULE OF EXCHANGES OF NOTES

The following changes in the aggregate principal amount of Notes represented by this Global Note have been made:

Date	Amount of decrease in aggregate principal amount of Notes	Amount of increase in aggregate principal amount of Notes	Outstanding Balance
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TRUSTEE, PAYING AGENT AND REGISTRAR

Trustee

Wilmington Trust, National Association

Rodney Square North
1100 North Market Street
Wilmington, DE 19890
United States of America
Facsimile: +1 302 636 4149
Attention: Global Capital Markets – Corporate Debt

Paying Agent

Citibank, N.A., London Branch

c/o Citibank, N.A. Dublin Branch
1 North Wall Quay
Dublin 1
Ireland

Registrar

Citigroup Global Markets Deutschland AG

Reuterweg 16
60323 Frankfurt
Germany

FORM OF AUTHORIZATION CERTIFICATE

I, _____, Director, acting on behalf of Kaisa Group Holdings Ltd. (the “**Company**”), hereby certify that:

(A) the persons listed below are (i) Authorized Officers for purposes of the Indenture dated as of July 21, 2016, among the Company, the Subsidiary Guarantors listed therein and Wilmington Trust, National Association, as Trustee (the “**Indenture**”) and the Agent Appointment Letter dated as of July 21, 2016, among the Company, the Subsidiary Guarantors listed therein, Citibank, N.A., London Branch as paying agent and transfer agent and Citigroup Global Markets Deutschland AG as the registrar (the “**Agent Appointment Letter**”), (ii) duly elected or appointed, qualified and acting as the holder of the respective office or offices set forth opposite his or her name and (iii) the duly authorized person who executed or will execute the Notes, the Indenture and the Agent Appointment Letter by his or her manual or facsimile signature and was at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his or her name;

(B) each signature appearing below is the person’s genuine signature;

(C) each person listed below is authorized to confirm payment details and receive call backs at the telephone number noted below upon the request of the Trustee and Citibank, N.A., London Branch in relation to the Series [●] Variable Rate Senior Notes due [●]; and

(D) attached hereto as Schedule I is a true, correct and complete specimen of the certificates representing the Notes.

Capitalized terms used but not defined herein shall have the meanings assigned to such term in the Indenture.

You may call _____ to confirm the contents of this certificate.

Authorized Officers:

<u>Name</u>	<u>Company</u>	<u>Title</u>	<u>Signature</u>	<u>Telephone Number</u>
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IN WITNESS WHEREOF, I have hereunto signed my name.

Date:

KAISA GROUP HOLDINGS LTD.

By: _____
Name:
Title: Director

Specimen Certificate Representing the Notes

FORM OF AUTHORIZATION CERTIFICATE

I, _____, Director of each company whose name appears on the signature page hereto, hereby certify that:

(A) the persons listed below are (i) Authorized Officers for purposes of the Indenture dated as of July 21, 2016, among Kaisa Group Holdings Ltd., an exempted company incorporated in Cayman Islands with limited liability (the “**Company**”), the Subsidiary Guarantors listed therein and Wilmington Trust, National Association, as Trustee (the “**Indenture**”) and the Agent Appointment Letter dated as of July 21, 2016, among the Company, the Subsidiary Guarantors listed therein, Citibank, N.A., London Branch as paying agent and transfer agent and Citigroup Global Markets Deutschland AG as the registrar (the “**Agent Appointment Letter**”), (ii) duly elected or appointed, qualified and acting as the holder of the respective office or offices set forth opposite his or her name and (iii) the duly authorized person who executed or will execute the Subsidiary Guarantee endorsed on the Notes, the Indenture and the Agent Appointment Letter by his or her manual or facsimile signature and was at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his or her name;

(B) each signature appearing below is the person’s genuine signature; and

(C) attached hereto as Schedule I is a true, correct and complete specimen of the certificates representing the Notes (with the Subsidiary Guarantees endorsed thereon).

Capitalized terms used but not defined herein shall have the meanings assigned to such term in the Indenture.

You may call _____ to confirm the contents of this certificate.

Authorized Officers:

**Each of the Following
Companies**

<u>Name</u>	<u>Title</u>	<u>Signature</u>
ADVANCE GUARD INVESTMENTS LIMITED (先 驅投資有限公司)		
BAKAI INVESTMENTS LIMITED (八凱投資有限公司)		
CHANG YE INVESTMENT COMPANY LIMITED (昌業投 資有限公司)		
DA HUA INVESTMENT COMPANY LIMITED (大華投 資有限公司)		
DONG CHANG INVESTMENT COMPANY LIMITED (東昌投資有限公 司)		
DONG SHENG INVESTMENT COMPANY LIMITED (東升投資有限公 司)		
GUANG FENG INVESTMENT COMPANY LIMITED (廣豐投資有限公 司)		
HENG CHANG INVESTMENT COMPANY LIMITED (恒昌投資有限公 司)		
JIE FENG INVESTMENT COMPANY LIMITED (捷豐投 資有限公司)		
JIN CHANG INVESTMENT COMPANY LIMITED (進昌投 資有限公司)		
RONG HUI INVESTMENT COMPANY LIMITED (榮輝投 資有限公司)		
RUI JING INVESTMENT COMPANY LIMITED (瑞景投 資有限公司)		
TAI AN DA INVESTMENT COMPANY LIMITED (泰安達 投資有限公司)		
TAI CHANG JIAN		

**Each of the Following
Companies**

Name

Title

Signature

INVESTMENT COMPANY
LIMITED (泰昌建投資有限公司)

TAI CHONG FA
INVESTMENT COMPANY
LIMITED (泰昌發投資有限公司)

TAI CHONG LI
INVESTMENT COMPANY
LIMITED (泰昌利投資有限公司)

TAI HE SHENG
INVESTMENT COMPANY
LIMITED (泰和盛投資有限公司)

TAI HE XIANG
INVESTMENT COMPANY
LIMITED (泰和詳投資有限公司)

XIE MAO INVESTMENT
COMPANY LIMITED (協茂投
資有限公司)

YE CHANG INVESTMENT
COMPANY LIMITED (葉昌投
資有限公司)

YIFA TRADING LIMITED
(益發貿易有限公司)

ZHENG ZHONG TIAN
INVESTMENT COMPANY
LIMITED (正中天投資有限公
司)

VICTOR SELECT LIMITED
(凱擇有限公司)

CENTRAL BROAD LIMITED
(中博有限公司)

GUO CHENG
INVESTMENTS LIMITED (國
承投資有限公司)

**Each of the Following
Companies**

RI XIANG INVESTMENTS
LIMITED (日翔投資有限公
司)

YIN JIA INVESTMENTS
LIMITED (銀佳投資有限公
司)

JET SMART GLOBAL
DEVELOPMENT LIMITED
(捷利環球發展有限公司)

APEX WALK LIMITED (歲行
有限公司)

VAST WAVE LIMITED (廣濤
有限公司)

XIAN ZHANG LIMITED (顯
章有限公司)

FULBRIGHT FINANCIAL
GROUP (ENTERPRISE)
LIMITED (富昌金融集團 (企
業) 有限公司)

FULBRIGHT FINANCIAL
GROUP (DEVELOPMENT
LIMITED) (富昌金融集團
(發展) 有限公司)

Name

Title

Signature

IN WITNESS WHEREOF, I have hereunto signed my name.

Date: [•], 2016

ADVANCE GUARD INVESTMENTS LIMITED
(先驅投資有限公司)
BAKAI INVESTMENTS LIMITED
(八凱投資有限公司)
CHANG YE INVESTMENT COMPANY LIMITED
(昌業投資有限公司)
DA HUA INVESTMENT COMPANY LIMITED
(大華投資有限公司)
DONG CHANG INVESTMENT COMPANY LIMITED
(東昌投資有限公司)
DONG SHENG INVESTMENT COMPANY LIMITED
(東升投資有限公司)
GUANG FENG INVESTMENT COMPANY LIMITED
(廣豐投資有限公司)
HENG CHANG INVESTMENT COMPANY LIMITED
(恒昌投資有限公司)
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RONG HUI INVESTMENT COMPANY LIMITED
(榮輝投資有限公司)
RUI JING INVESTMENT COMPANY LIMITED
(瑞景投資有限公司)
TAI AN DA INVESTMENT COMPANY LIMITED
(泰安達投資有限公司)
TAI CHANG JIAN INVESTMENT COMPANY LIMITED
(泰昌建投資有限公司)
TAI CHONG FA INVESTMENT COMPANY LIMITED
(泰昌發投資有限公司)
TAI CHONG LI INVESTMENT COMPANY LIMITED
(泰昌利投資有限公司)
TAI HE SHENG INVESTMENT COMPANY LIMITED
(泰和盛投資有限公司)
TAI HE XIANG INVESTMENT COMPANY LIMITED
(泰和詳投資有限公司)
XIE MAO INVESTMENT COMPANY LIMITED
(協茂投資有限公司)
YE CHANG INVESTMENT COMPANY LIMITED
(葉昌投資有限公司)
YIFA TRADING LIMITED
(益發貿易有限公司)
ZHENG ZHONG TIAN INVESTMENT COMPANY LIMITED
(正中天投資有限公司)

VICTOR SELECT LIMITED

(凱擇有限公司)

CENTRAL BROAD LIMITED

(中博有限公司)

GUO CHENG INVESTMENTS LIMITED

(國承投資有限公司)

RI XIANG INVESTMENTS LIMITED

(日翔投資有限公司)

YIN JIA INVESTMENTS LIMITED

(銀佳投資有限公司)

JET SMART GLOBAL DEVELOPMENT LIMITED

(捷利環球發展有限公司)

APEX WALK LIMITED

(歲行有限公司)

VAST WAVE LIMITED

(廣濤有限公司)

XIAN ZHANG LIMITED

(顯章有限公司)

FULBRIGHT FINANCIAL GROUP (ENTERPRISE) LIMITED

(富昌金融集團 (企業) 有限公司)

FULBRIGHT FINANCIAL GROUP (DEVELOPMENT LIMITED)

(富昌金融集團 (發展) 有限公司)

For and on behalf of each of the above

By: _____

Name:

Title: Director

Specimen Certificate Representing the Notes

[Intentionally Left Blank]

[Intentionally Left Blank]

EXHIBIT G

[Intentionally Left Blank]

SUPPLEMENTAL INDENTURE

dated as of _____, 20__

among

KAISA GROUP HOLDINGS LTD.

and

Subsidiary Guarantors (as defined in the Indenture)

and

[name of new guarantor]

and

**Wilmington Trust, National Association
as Trustee**

Series [●] Variable Rate Senior Notes Due [●]

THIS SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”), entered into as of _____, _____, among Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), the Subsidiary Guarantors and [insert each new Guarantor executing this Supplemental Indenture and its jurisdiction of incorporation] (each an “**Undersigned**”) and Wilmington Trust, National Association, as trustee (the “**Trustee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

RECITALS

WHEREAS, the Company, the Subsidiary Guarantors party thereto and the Trustee entered into the Indenture, dated as of July 21, 2016 (the “**Indenture**”), relating to the Company’s Series [●] Variable Rate Senior Notes Due [●] (the “**Notes**”).

WHEREAS, as a condition to the Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Company agreed pursuant to the Indenture to cause each of its future Subsidiaries (other than those organized under the laws of the PRC), as soon as practicable upon becoming a Restricted Subsidiary or ceasing to be an Exempted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payments of the Notes.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. Each Undersigned, by its execution of this Supplemental Indenture, agrees to be a Subsidiary Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Subsidiary Guarantors, including, but not limited to, Article XI thereof.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

Section 5. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture will henceforth be read together.

Section 6. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein all of which are made solely by the Company and the Subsidiary Guarantors.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

KAISA GROUP HOLDINGS LTD.
for itself and on behalf of all the Subsidiary
Guarantors *

By: _____
Name:
Title:

Wilmington Trust, National Association, as
Trustee

By: _____
Name:
Title:

[New Guarantor]

By: _____
Name:
Title:

* Pursuant to a power of attorney granting attorney in fact to execute the instruments contemplated.

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to Section 6.08 and Section 10.03 of the Indenture, dated as of July 21, 2016, as amended, supplemented or modified from time to time (the “**Indenture**”), among Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), the entities listed on Schedule I thereto (the “**Subsidiary Guarantors**” and “**JV Subsidiary Guarantors**,” as the case may be, as defined under the Indenture) and Wilmington Trust, National Association, as trustee (the “**Trustee**”). Terms defined in the Indenture are used herein as therein defined.

Each of the undersigned hereby certifies to the Trustee as follows:

1. I am the duly elected, qualified and acting [title], as the case may be, of the Company.
2. I have reviewed and am familiar with the contents of this Compliance Certificate.
3. I have reviewed the terms of the Indenture and the Security Documents and have made or caused to be made under my supervision, a review in reasonable detail of the Collateral and the condition of the Collateral. Such review did not disclose the existence during or at the end of the annual period covered by this Compliance Certificate, and I have no knowledge of the existence as of the date of this Compliance Certificate, of any condition or event which would impair the perfected security interest created by the Indenture and the Security Documents with at least the priority of such security interest on the Exchange Date[, except as set forth below].
4. Based upon the advice of counsel, all action has been taken with respect to the recording, registering, filing, re-recording, registering and re-filing of all supplemental indentures, financing statements, continuation statements or other instruments of further assurance as may be necessary to maintain the Liens granted pursuant to the Security Documents to the extent required by the Security Documents, if any [and, if necessary, reciting the details of such action].
5. Since the Exchange Date:
 - (a) none of the Company, the Subsidiary Guarantors or JV Subsidiary Guarantors has changed its jurisdiction of organization, name, identity or corporate structure to such an extent that any financing statement or other Security Document filed by or on behalf of the Trustee would become misleading;
 - (b) the Company has taken all action as required by applicable law with respect to any re-filing, re-recording or continuation of

documentation with respect to the Collateral as necessary to maintain such security interest in the Collateral in favor of the Trustee on behalf of the Holders of Notes.

except, in each case, (i) any of the foregoing that has been previously disclosed to the Trustee in accordance with the Indenture and any relevant Security Document and in respect of which the Company and each of the Subsidiary Guarantors and JV Subsidiary Guarantors have taken all actions that are required by applicable law to maintain the perfection and priority of the Trustee's security interest in the Collateral after giving effect to such event, in each case as required by the Indenture and the relevant Security Documents and (ii) any of the foregoing described in Attachment I hereto in respect of which the Company, the Subsidiary Guarantor or JV Subsidiary Guarantor is delivering to the Trustee herewith all required statements and other filings required to maintain the perfection and priority of the Trustee's security interest in the Collateral after giving effect to such event, in each case as required by the Indenture and the relevant Security Documents.

6. A review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and the Security Documents, in each case since the Exchange Date, [and that the Company and its Restricted Subsidiaries have been since the Exchange Date and are in compliance with all obligations thereunder]/[if there has been a Default or an Event of Default or currently exists a Default or Event of Default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof.]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of the date set forth below.

KAISA GROUP HOLDINGS LTD.

By: _____
Title:

Date: _____, 20__

TRUSTEE, PAYING AGENT AND REGISTRAR

Trustee

Wilmington Trust, National Association
Rodney Square North
1100 North Market Street
Wilmington, DE 19890
United States of America

Paying Agent

Citibank, N.A., London Branch
c/o Citibank, N.A., Dublin Branch
1 North Wall Quay
Dublin 1
Ireland

Registrar

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt
Germany

FORM OF PAYING AGENT AND REGISTRAR APPOINTMENT LETTER

____, 20__

Citibank N.A., London Branch
as Paying Agent
c/o Citibank, N.A., Dublin Branch
1 North Wall Quay
Dublin 1
Ireland

Citigroup Global Markets Deutschland AG
as Registrar
Reuterweg 16
60323 Frankfurt
Germany

Re: Series [●] Variable Rate Senior Notes due [●] of Kaisa Group Holdings Ltd.

Reference is hereby made to the Indenture dated as of July 21, 2016 (the “**Indenture**”) among Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Company**”), the Subsidiary Guarantors listed in Schedule I thereto, and Wilmington Trust, National Association, as Trustee. Terms used herein are used as defined in the Indenture.

The Company hereby appoints Citibank N.A., London Branch as the paying agent and transfer agent (the “**Paying Agent**”) and Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**”) with respect to the Notes and the Paying Agent and Registrar hereby accepts such appointment. By accepting such appointment, the Paying Agent and Registrar agrees to be bound by and to perform the services with respect to itself set forth in the terms and conditions set forth in the Indenture and the Notes, as well as the following terms and conditions to all of which the Company agrees and to all of which the rights of the holders from time to time of the Notes shall be subject:

(a) The Company, failing which the Subsidiary Guarantors and the JV Subsidiary Guarantors, jointly and severally, no later than 10:00 a.m. London time) on the Business Day immediately preceding each date on which a payment in respect of the Notes becomes due, shall (i) transfer (or cause to be transferred) to the designated account of the Paying Agent in the currency of United States of America immediately available funds such amount as may be required for the purposes of such payment and (ii) notify the Paying Agent and the Trustee of such transfer. The Company, no later than 10:00 a.m. (London time) on the second Business Day immediately preceding each date on which any payment in respect of the Notes becomes due, shall confirm such payment to the Paying Agent and the Trustee. The Paying Agent shall not be bound to make payment until funds in such amount as may be required for the purpose of such payment have been received from the Company or the Subsidiary Guarantors or the JV Subsidiary Guarantors in immediate available and cleared funds. The Paying Agent shall be entitled to make payments net of any Taxes or other sums required by any Applicable Law to

be withheld or deducted. If any withholding or deduction is so required, the Paying Agent will not pay any additional amount in respect of such withholding or deduction. In this paragraph (a):

“**Applicable Law**” means any law or regulation including, but not limited to: (i) any statute or regulation; (ii) any rule or practice of any Authority by which any Party is bound or with which it is accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any Party.

“**Authority**” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“**Tax**” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

(b) The Paying Agent and Registrar shall be entitled to the compensation to be agreed upon with the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, jointly and severally, for all services rendered by it under the Indenture, and the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, jointly and severally, agree promptly to pay such compensation and to reimburse the Paying Agent and Registrar for its properly incurred out-of-pocket expenses (including fees and expenses of counsel or professional advisers) incurred by it in connection with the services rendered by it under the Indenture. The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors jointly and severally hereby agree to indemnify the Paying Agent and Registrar and its officers, directors, agents, employees and representatives for, and to hold it harmless against, any loss, liability or expense (including properly incurred fees and expenses of counsel or professional advisers) incurred without gross negligence or willful misconduct on its part arising out of or in connection with its acting as Paying Agent and Registrar hereunder. The obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors under this paragraph (b) shall survive the redemption or maturity of the Notes, the termination or expiry of the Indenture or this letter and the resignation or removal of the Paying Agent and Registrar. Under no circumstances will the Paying Agent and Registrar be liable to the Company or any other party to this letter or the Indenture for any special, punitive, consequential or indirect loss or damage (including, but not limited to, loss of business, goodwill, opportunity or profit), whether or not foreseeable and irrespective of whether it has been advised of the likelihood of such loss or damage and regardless of the form of action. The provisions of this paragraph shall survive the redemption or maturity of the Notes, the termination or discharge of the Indenture or the resignation or removal of the Agents.

(c) In acting as Paying Agent under the Indenture and in connection with the Notes, the Paying Agent and Registrar are acting solely as agents of the Company and do not assume any fiduciary obligation towards or relationship of agency or trust for or with any of the owners or holders of the Notes. The Paying Agent agrees with the Trustee that (i) the Paying Agent shall hold all sums held by it for the payment of any amount payable on the Notes in trust for the benefit of the persons entitled thereto until such sums shall be paid to such persons or otherwise disposed of as herein provided and shall notify the Trustee of the sums so held and (ii) that it shall give the Trustee notice of any failure by the Company to make any payment on the Notes when the same shall be due and payable. All funds held by the Paying Agent for the payment of any amounts due on the Notes need not be segregated from other

funds held by the Paying Agent, except as required by Law. The Paying Agent is entitled to deal with each amount paid to it in the same manner as other amounts paid to it as a banker by its customers and shall not be subject to the United Kingdom Financial Conduct Authority Client Money Rules. For the avoidance of doubt, the Paying Agent shall not be responsible for holding any funds in trust pursuant to Article VIII (*Defeasance and Discharge*) of the Indenture.

(d) The Paying Agent and Registrar may consult with counsel satisfactory to it (at the Company's cost) and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it under the Indenture in good faith and in accordance with such advice or opinion.

(e) The Paying Agent and Registrar shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine (acting in good faith) and to have been presented or signed by the proper party or parties.

(f) The Paying Agent and Registrar and any of its Affiliates, in its individual capacity or any other capacity, may become the owner of, or acquire any interest in, any Notes or other obligations of the Company with the same rights that it would have if it were not the Paying Agent and Registrar, and may engage or be interested in any financial or other transaction with the Company, and may act on, or as depository, trustee or agent for, any committee or body of holders of Notes or other obligations of the Company, as freely as if it were not the Paying Agent and Registrar.

(g) The Paying Agent and Registrar shall not be under any liability for interest on any monies received by it pursuant to any of the provisions of the Indenture or the Notes.

(h) The Paying Agent and Registrar shall be obligated to perform such duties and only such duties as are in the Indenture and the Notes specifically set forth, and no implied duties or obligation shall be read into the Indenture or the Notes against the Paying Agent and Registrar. The Paying Agent and Registrar shall not be under any obligation to take any action under the Indenture and the Notes which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its opinion, assured to it.

(i) The Paying Agent and Registrar may at any time resign by giving written notice of its resignation to the Company and the Trustee and specifying the date on which its resignation shall become effective; *provided* that such date shall be no less than 30 but no more than 60 days after the date on which such notice is given unless the Company agrees to accept shorter notice. Upon receiving such notice of resignation, the Company shall promptly appoint a successor paying agent by written instrument substantially in the form hereof and as required by the Indenture in triplicate signed on behalf of the Company, one copy of which shall be delivered to the resigning Paying Agent and Registrar, one copy to the successor paying agent and one copy to the Trustee.

Such resignation shall become effective upon the earlier of (i) the effective date of such resignation and (ii) the acceptance of appointment by the successor paying agent, as provided below. The Company may, at any time and for any reason, remove the Paying Agent and Registrar and appoint a successor paying agent, by written instrument in triplicate signed on behalf of the Company, one copy of which shall be delivered to the Paying Agent

and Registrar being removed, one copy to the successor paying agent and one copy to the Trustee. Any removal of the Paying Agent and Registrar and any appointment of a successor paying agent shall become effective upon acceptance of appointment by the successor paying agent as provided below. Upon its resignation or removal, the Paying Agent and Registrar shall be entitled to the payment by the Company of its compensation for the services rendered hereunder and to the reimbursement of all properly incurred out-of-pocket expenses incurred in connection with the services rendered by it hereunder.

The Company shall remove the Paying Agent and Registrar and appoint a successor paying agent if the Paying Agent and Registrar (i) shall become incapable of acting, (ii) shall be adjudged bankrupt or insolvent, (iii) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a Trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (iv) shall consent to, or shall have had entered against it a court order for, any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceedings commenced against it, (v) shall make a general assignment for the benefit of creditors or (vi) shall fail generally to pay its debts as they become due.

Any successor paying agent appointed as provided herein shall execute and deliver to its predecessor and to the Company and the Trustee an instrument accepting such appointment (which shall conform to the requirements of the Indenture and may be in the form of an acceptance signature to the letter of the Company appointing such agent) and thereupon such successor paying agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Paying Agent and Registrar and such predecessor shall pay over to such successor agent all monies or other property at the time held by it hereunder.

Notwithstanding the above, the Company agrees with the Paying Agent and Registrar that if, no successor to such Paying Agent and Registrar has been appointed by the Company after 30 days from the notice or resignation or removal, such retiring Agent may on behalf of and at the expense of the Company appoint as its successor any reputable and experienced financial institution of good standing and give notice of such appointment to the Company, or the retiring Agent, the Trustee or the Company may petition a court of competent jurisdiction for the appointment of a successor Agent.

(j) The Paying Agent and Registrar shall at all times be a financial institution which is authorized by law to exercise its respective powers and duties hereunder and under the Indenture and the Notes.

(k) The Paying Agent and Registrar shall treat all information relating to the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors as confidential, but (unless consent is prohibited by law) the Company consents to the transfer and disclosure by such Paying Agent and Registrar of any information relating to the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors to and between branches, subsidiaries, representative offices, affiliates and agents of such Paying Agent and Registrar and third parties selected by any of them, wherever situated, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk

analysis purposes). Each of the Paying Agent and Registrar and any of its branch, subsidiary, representative office, agent, third party or affiliate may transfer and disclose any such information as required by any law, court regulator or legal process; *provided* that such Paying Agent and Registrar shall (unless contrary to law) give the Company written notice of (as soon as practicable after) such request so that the Company may seek a protective order or other remedy protecting such confidential information from disclosure.

(l) The Company hereby irrevocably waives, in favor of the Paying Agent and Registrar, any conflict of interest which may arise by virtue of the Paying Agent and Registrar acting in various capacities under this Indenture and this letter or for other customers of the Paying Agent and Registrar. The Company acknowledges that the Paying Agent and Registrar and its affiliates (together, the “**Paying Agent and Registrar Parties**”) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Company may regard as conflicting with its interests and may possess information (whether or not material to the Company) other than as a result of the Paying Agent and Registrar acting as Paying Agent and Registrar hereunder, that the Paying Agent and Registrar may not be entitled to share with the Company. The Paying Agent and Registrar will not disclose confidential information obtained from the Company (without its consent) to any of the Paying Agent and Registrar’s other customers nor will it use on the Company’s behalf any confidential information obtained from any other customer. Without prejudice to the foregoing, the Company agrees that the Paying Agent and Registrar Parties may deal (whether for its own or its customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Indenture and this letter.

(m) The Paying Agent and Registrar may act through its attorneys and agents and will not be responsible for the misconduct or negligence or for the acts or omissions of any attorney or agent appointed with due care by it hereunder.

(n) In no event shall the Paying Agent and Registrar be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Paying Agent and Registrar shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(o) The Paying Agent and Registrar shall, on demand by the Trustee by notice in writing given to them and the Company at any time after an Event of Default has occurred, until notified by the Trustee to contrary, to the extent permitted by applicable law, deliver all monies, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice or subsequently; *provided* that this paragraph shall not apply to any documents or records which the Agent is obliged not to release by any law or regulation to which it is subject.

(p) The Paying Agent and Registrar shall, on demand by the Trustee by notice in writing given to them and the Company at any time after the Event of Default or Default has

occurred, until notified in writing by the Trustee to the contrary, as far as permitted by applicable law:

(i) act thereafter as agents of the Trustee under the Indenture and the Notes *mutatis mutandis* on the terms provided in this letter (save for the indemnification, remuneration and all other expenses of the Paying Agent and Registrar shall be paid in accordance with Section 6.11 of the Indenture; the Trustee shall have no personal liability for the Registrar and Paying Agent's fees, expenses, costs, disbursements or indemnities in any case) and thereafter hold all Certificates and moneys, documents and records held by them in respect of the Notes to the order of the Trustee; and/or

(ii) deliver up all Certificates and all monies, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice or subsequently, *provided* that this paragraph (ii) shall not apply to any documents or records which the Paying Agent and Registrar or the relevant agent is obliged not to release by any law or regulation to which it is subject.

(q) The obligations hereunder of the Paying Agent and Registrar with respect to its duties as paying agent, transfer agent and registrar shall be several, not joint.

(r) Any notice or communication to the Paying Agent and Registrar will be deemed given when sent by facsimile transmission, with transmission confirmed. Any notice to the Paying Agent and Registrar will be effective only upon receipt. The notice or communication should be addressed to the Paying Agent and Registrar at:

Paying Agent

Citibank, N.A., London Branch
c/o Citibank, N.A., Dublin Branch
1 North Wall Quay
Dublin 1
Ireland
Attn: Agency & Trust – PPA Payments
Fax: +353 1662 2210

with a copy to:
Citicorp International Limited
39/F, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong
Fax: +852 2323 0279
Attn: Agency and Trust

Registrar

Citigroup Global Markets Deutschland AG
Reuterweg 16

60323 Frankfurt
Germany
Attn: Germany Agency and Trust
Fax: +46 69 1366 1429

with a copy to:
Citicorp International Limited
39/F, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong
Fax: +852 2323 0279
Attn: Agency and Trust

Any notice to the Company or the Trustee shall be given as set forth in the Indenture.

(s) Any corporation into which the Paying Agent and Registrar may be merged or converted or any corporation with which the Paying Agent and Registrar may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Paying Agent and Registrar shall be a party or any corporation succeeding to the business of the Paying Agent and Registrar shall be the successor to such Paying Agent and Registrar hereunder (*provided* that such corporation shall be qualified as aforesaid) without the execution or filing of any document or any further act on the part of any of the parties hereto. The Paying Agent and Registrar shall provide prompt written notice thereof to the Trustee and to the Company.

(t) Any amendment, supplement or waiver under Sections 9.01 and 9.02 of the Indenture that adversely affects the Paying Agent and Registrar shall not affect the rights, powers, obligations, duties or immunities of the Paying Agent and Registrar, unless the Paying Agent and Registrar has consented thereto.

(u) The Company and the Subsidiary Guarantors agree that the provisions of Section 12.07 of the Indenture shall apply hereto, *mutatis mutandis*.

(v) This letter may be executed in counterparts, each of which shall be an original which together shall constitute one and same instrument.

(w) The Paying Agent and Registrar shall be under no obligation to take any action hereunder, and it shall incur no liability to the Company, the Subsidiary Guarantors or the holders of the Notes or any other person for or in respect of any action or omission to act, if conflicting, unclear or equivocal instructions are received by it, as determined in the sole and absolute discretion of the Paying Agent and Registrar or in order to comply with the Applicable Law. In this paragraph (w):

“**Applicable Law**” means any law or regulation including, but not limited to: (i) any statute or regulation; (ii) any rule or practice of any Authority by which any Party is bound or with which it is accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any Party.

“**Authority**” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“**Tax**” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

- (x) The parties herein shall also agree to the following:

Mutual Undertaking Regarding Information Reporting and Collection

Obligations. Each party shall, within thirty business days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Notes as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; provided, however, that no party shall be required to provide any forms, documentation or other information pursuant to this paragraph (x)(i) to the extent that: (A) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (B) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality.

Notice of Possible Withholding Under FATCA. The Company shall notify in writing each of the Paying Agent and the Registrar in the event that it determines that any payment to be made by the Paying Agent or the Registrar under the Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Company's obligation under this paragraph (x)(ii) shall apply only to the extent that such payments are so treated by virtue of characteristics of the Company, the Notes, or both.

Agent Right to Withhold. Notwithstanding any other provision of this letter, each of the Paying Agent and the Registrar shall be entitled to make a deduction or withholding from any payment which it makes under the Notes for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Paying Agent or the Registrar, as the case may be, shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Company's account, the details of which are set forth in Schedule A to this letter, the amount so deducted or

withheld, in which case, the Company shall so account to the relevant Authority for such amount. If the Paying Agent or the Registrar accounts to the relevant Authority, the Paying Agent or the Registrar, as the case may be, shall provide the Company and the Holders satisfactory documentation evidencing the payment of any withheld amounts to such Authority.

Company's Right to Redirect. In the event that the Company reasonably determines in its sole discretion made in good faith that withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Agents on any Notes, then the Company will be entitled to redirect or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deductions or withholding provided that, any such redirected or reorganized payment is made through a recognized institution of international standing and otherwise made in accordance with this letter. The Company will promptly notify the Paying Agent and the Registrar in writing of any such redirection or reorganization.

In this paragraph (x):

"Applicable Law" means any law or regulation including, but not limited to: (i) any statute or regulation; (ii) any rule or practice of any Authority by which any Party is bound or with which it is accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any Party.

"Authority" means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"FATCA Withholding" means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

"Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

(y) While the Notes are in global form, any notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear and Clearstream. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream or if by mail, when so sent or deposited. The Company or the Trustee, as the case may be, will provide to the Paying Agent the form of notice to be sent to the Holders no later two Business Days prior to the publication date of such notice, or such lesser time as the Paying Agent may agree.

(z) Notwithstanding anything else herein contained, the Paying Agent and Registrar may refrain without liability from doing anything that would or might in its opinion be contrary to any law of any state or jurisdiction (including but not limited to the laws of Germany, the United States of America or any jurisdiction forming a part of it and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

(aa) Any money deposited with the Paying Agent for the payment on the Notes and remaining unclaimed for five Business Days after the date on which such payment on such Notes was due to be made shall be paid to the Company to the account designated by the Company, details of which are set forth in a notice in the form substantially set out in Schedule A hereto; and the Holder of such Notes shall thereafter look only to the Company for payment thereof, and all liability of the Paying Agent with respect to such money shall thereupon cease.

(bb) The Company and the Subsidiary Guarantors acknowledge and accept that, notwithstanding any other provision of this letter or any other agreement, arrangement or understanding between the parties:

- a. any Liability may be subject to the exercise of Write-down and Conversion Powers by the Resolution Authority;
- b. The Registrar will be bound by the effect of any application of any Write-down and Conversion Powers in relation to any Liability and in particular (but without limitation) by:
 - i. any reduction in the principal amount, in full or in part, or outstanding amount due (including any accrued but unpaid interest) due in respect of any Liability; and
 - ii. any conversion of all or part of any Liability into ordinary shares or other instruments of ownership of the Registrar or any other person;

that may result from any exercise of any Write-down and Conversion Powers in relation to any Liability;

- c. the terms of this letter and the rights of the Company and/or the Subsidiary Guarantors hereunder may be varied, to the extent necessary, to give effect to any exercise of any Write-down and Conversion Powers in relation to any Liability and the Company and/or the Subsidiary Guarantors will be bound by any such variation; and
- d. ordinary shares or other instruments of ownership of the Registrar or any other person may be issued to or conferred on the Company and/or the Subsidiary Guarantors as a result of any exercise of any Write-down and Conversion Powers in relation to any Liability.

In this paragraph (aa):

"Liability" means any liability of the Registrar to the Company and/or Subsidiary Guarantors arising under or in connection with this letter;

"Resolution Authority" means the German Federal Agency for Financial Markets Stabilisation (*Bundesanstalt für Finanzmarktstabilisierung*), or any other body which has authority to exercise any Write-down and Conversion Powers;

"Write-down and Conversion Powers" means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Germany, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms as amended from time to time, including but not limited to the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which:

- a. any obligation of the Registrar (or other affiliate of such entity) can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period); and
- b. any right in a contract governing an obligation of the Registrar may be deemed to have been exercised.

(cc) The agreement set forth in this letter and the Indenture contains the whole agreement between the parties relating to the subject matter of this letter and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this letter.

(dd) The agreement set forth in this letter shall be construed in accordance with and governed by the laws of the State of New York.

Schedule A

Company's Account Details

Corresponding Bank Name: [•]

Corresponding Bank SWIFT: [•]

Beneficiary Bank Name: [•]

Beneficiary Bank SWIFT: [•]

Account Name: [•]

Account Number: [•]

Reference: [•]

Kaisa Group Holdings Ltd.,
for itself and on behalf of the Subsidiary
Guarantors

By: _____
Name:
Title:

Agreed and accepted:

Citibank, N.A., London Branch
as Paying Agent

By: _____
Name:
Title:

Citigroup Global Markets Deutschland AG
as Registrar

By: _____
Name:
Title:

Acknowledged by:

Wilmington Trust, National Association
as Trustee

By: _____
Name:
Title:

SCHEDULE I

Subsidiary Guarantors

1. Chang Ye Investment Company Limited (昌業投資有限公司)
2. Da Hua Investment Company Limited (大華投資有限公司)
3. Dong Chang Investment Company Limited (東昌投資有限公司)
4. Dong Sheng Investment Company Limited (東升投資有限公司)
5. Guang Feng Investment Company Limited (廣豐投資有限公司)
6. Heng Chang Investment Company Limited (恒昌投資有限公司)
7. Jie Feng Investment Company Limited (捷豐投資有限公司)
8. Jin Chang Investment Company Limited (進昌投資有限公司)
9. Rong Hui Investment Company Limited (榮輝投資有限公司)
10. Rui Jing Investment Company Limited (瑞景投資有限公司)
11. Tai He Xiang Investment Company Limited (泰和詳投資有限公司)
12. Xie Mao Investment Company Limited (協茂投資有限公司)
13. Ye Chang Investment Company Limited (葉昌投資有限公司)
14. Zheng Zhong Tian Investment Company Limited (正中天投資有限公司)
15. Tai He Sheng Investment Company Limited (泰和盛投資有限公司)
16. Tai An Da Investment Company Limited (泰安達投資有February 14, 2016限公司)
17. Tai Chang Jian Investment Company Limited (泰昌建投資有限公司)
18. Tai Chong Fa Investment Company Limited (泰昌發投資有限公司)
19. Tai Chong Li Investment Company Limited (泰昌利投資有限公司)
20. Bakai Investments Limited (八凱投資有限公司)
21. Yifa Trading Limited (益發貿易有限公司)
22. Advance Guard Investments Limited (先驅投資有限公司)
23. Victor Select Limited (凱擇有限公司)
24. Central Broad Limited (中博有限公司)
25. Guo Cheng Investments Limited (國承投資有限公司)
26. Ri Xiang Investments Limited (日翔投資有限公司)
27. Yin Jia Investments Limited (銀佳投資有限公司)
28. Kaisa Investment Consulting Limited
29. Cornwell Holdings (Hong Kong) Limited

30. Goldenform Company Limited
31. Hong Kong Jililong Industry Co., Limited
32. Kaisa Holdings Limited
33. Leisure Land Hotel Management (China) Limited
34. Regal Silver Manufacturing Limited
35. Success Take International Limited
36. Woodland Height Holdings Limited
37. Yi Qing Investment Company Limited
38. Yong Rui Xiang Investment Company Limited
39. Zhan Zheng Consulting Company Limited
40. Kaisa Investment (China) Limited
41. Wan Rui Fa Investment Company Limited
42. Wan Rui Chang Investment Company Limited
43. Wan Tai Chang Investment Company Limited
44. Wan Jin Chang Investment Company Limited
45. Multi-Shiner Limited
46. Hong Kong Kaisa Industry Co., Limited
47. Bakai Investments (Hong Kong) Limited
48. Topway Asia Group Limited
49. Kaisa Finance Holdings Limited
50. Hong Kong Kaisa Trading Limited
51. Hong Kong Wanyuchang Trading Limited
52. Hong Kong Zhaoruijing Trading Limited
53. Profit Victor Investments (Hong Kong) Limited
54. Central Broad (Hong Kong) Investment Limited
55. Guo Cheng (Hong Kong) Investment Limited
56. Ri Xiang (Hong Kong) Investment Limited
57. Yin Jia (Hong Kong) Investment Limited
58. Jet Smart Global Development Limited (捷利環球發展有限公司)
59. Apex Walk Limited (巖行有限公司)
60. Vast Wave Limited (廣濤有限公司)
61. Xian Zhang Limited (顯章有限公司)
62. Rich Tech Hong Kong Investment Limited
63. Apex Walk (Hong Kong) Limited

64. Vast Wave (Hong Kong) Limited
65. Xian Zhang (Hong Kong) Limited
66. Fulbright Financial Group (Enterprise) Limited (富昌金融集團(企業)有限公司)
67. Fulbright Financial Group (Development) Limited (富昌金融集團(發展)有限公司)
68. Fulbright Financial Group (Hong Kong) Limited

Subsidiary Guarantor Pledgors

1. Chang Ye Investment Company Limited (昌業投資有限公司)
2. Da Hua Investment Company Limited (大華投資有限公司)
3. Dong Chang Investment Company Limited (東昌投資有限公司)
4. Dong Sheng Investment Company Limited (東升投資有限公司)
5. Guang Feng Investment Company Limited (廣豐投資有限公司)
6. Heng Chang Investment Company Limited (恒昌投資有限公司)
7. Jie Feng Investment Company Limited (捷豐投資有限公司)
8. Jin Chang Investment Company Limited (進昌投資有限公司)
9. Rong Hui Investment Company Limited (榮輝投資有限公司)
10. Rui Jing Investment Company Limited (瑞景投資有限公司)
11. Tai An Da Investment Company Limited (泰安達投資有限公司)
12. Tai Chang Jian Investment Company Limited (泰昌建投資有限公司)
13. Tai Chong Fa Investment Company Limited (泰昌發投資有限公司)
14. Tai Chong Li Investment Company Limited (泰昌利投資有限公司)
15. Tai He Sheng Investment Company Limited (泰和盛投資有限公司)
16. Tai He Xiang Investment Company Limited (泰和詳投資有限公司)
17. Xie Mao Investment Company Limited (協茂投資有限公司)
18. Ye Chang Investment Company Limited (葉昌投資有限公司)
19. Zheng Zhong Tian Investment Company Limited (正中天投資有限公司)
20. Bakai Investments Limited (八凱投資有限公司)
21. Yifa Trading Limited (益發貿易有限公司)
22. Kaisa Holdings Limited
23. Central Broad Limited (中博有限公司)
24. Guo Cheng Investments Limited (國承投資有限公司)
25. Ri Xiang Investments Limited (日翔投資有限公司)
26. Yin Jia Investments Limited (銀佳投資有限公司)
27. Jet Smart Global Development Limited (捷利環球發展有限公司)
28. Apex Walk Limited (巖行有限公司)
29. Vast Wave Limited (廣濤有限公司)

30. Xian Zhang Limited (顯章有限公司)
31. Fulbright Financial Group (Enterprise) Limited (富昌金融集團(企業)有限公司)
32. Fulbright Financial Group (Development) Limited (富昌金融集團(發展)有限公司)

SCHEDULE III

Transactions with Shareholders and Affiliates Pursuant to Agreements in Effect on the Exchange Date

Related party transactions

Historically, the Group has engaged in various transactions with its major shareholders ("**Related Party Transactions**"). The Group has summarized such Related Party Transactions in its prior annual reports and interim reports published by the Group on the SEHK's website. The following Related Party Transactions took place during 2013 and the six months ended 30 June 2014, details of which are set out as follows (which are reproduced from the Group's 2014 Interim Report published on the SEHK's website):

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Mr. Kwok Chun Wai.....	Controlling shareholder (up to 8 September 2015)
Mr. Kwok Ying Shing.....	Controlling shareholder (up to 8 September 2015) and thereafter a substantial Shareholder

In addition, Kaisa Group (Shenzhen) Co., Ltd. (佳兆業集團(深圳)有限公司) ("**Kaisa Shenzhen**") and Shenzhen Fund Resources Investment Holding Company Limited (深圳市富德資源投資有限公司) ("**Shenzhen Fund Resources Investment**") entered into a loan agreement in respect of a RMB1,500 million 12% secured loan on 19 December 2014 and a loan agreement in respect of a RMB1,377 million 12% secured loan on 8 April 2015, in connection with the joint acquisition of a parcel of land situated in Dapeng New District, Shenzhen, the PRC and the formation of a joint venture company by Kaisa Shenzhen and Sino Life Insurance Co., Ltd (生命人壽保險股份有限公司) ("**Sino Life**").

Sino Life is a connected person of the Company by virtue of it being a substantial shareholder of the Company and Shenzhen Fund Resources Investment is a connected person of the Company by virtue of it being a wholly-owned subsidiary of Sino Life.

Key management compensation

	<u>For the year ended 31 December</u>	<u>Six months ended 30 June</u>	<u>9 months ended 30 September</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>
	(RMB in thousands)		
	(unaudited)	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	35,061	14,531	43,141
Retirement scheme contributions	496	218	268
Share option benefits	12,225	759	---
	<u>47,782</u>	<u>15,508</u>	<u>43,408</u>

Purchasing of services

	<u>For the year ended 31 December</u>	<u>Six months ended 30 June</u>	<u>9 months ended 30 September</u>
	<u>2014</u>	<u>2014</u>	<u>2015</u>
	(RMB in thousands)		
	(unaudited)	(unaudited)	(unaudited)
Rental Expense ⁽¹⁾	1,859	917	1,433

Note:(1) This represents payment of rental expense for various office premises to Mr. Kwok Chun Wai (as a Controlling Shareholder up to 8 September 2015) and Mr. Kwok Ying Shing (as a Controlling Shareholder up to 8 September 2015 and as a Substantial Shareholder thereafter). The rental expense paid during the year was determined at prevailing market rate of respective office premises.

Each of the Group's Related Party Transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in the Group's interests and the interests of the Group's shareholders.

APPENDIX B

TERMS AND CONDITIONS OF THE MANDATORILY EXCHANGEABLE BONDS

The following, save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the US\$259,486,248 variable rate mandatorily exchangeable bonds due 31 December 2019 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Kaisa Group Holdings Ltd. (the “**Issuer**”) were authorised by a resolution of the board of directors of the Issuer on 23 March 2016. The Bonds are jointly and severally guaranteed by the initial Subsidiary Guarantors (as defined Condition 1(A)). The giving of the Guarantee (as defined in Condition 1(A)) was authorised by resolutions of the board of directors of each of the initial Subsidiary Guarantors passed on or about 14 July 2016. The Bonds have the benefit of the Security as defined in Condition 4. The granting of the Security was approved by resolutions of the board of directors of the Issuer on 23 March 2016 and by resolutions of the board of directors of each of the initial Subsidiary Guarantor Pledgors (as defined in Condition 4(A)) on or about 14 July 2016.

The Bonds are constituted by the trust deed (as amended or supplemented from time to time, the “**Trust Deed**”) dated on or about 21 July 2016 (the “**Issue Date**”) made between the Issuer, the Subsidiary Guarantors and Citicorp International Limited as common security trustee (the “**Common Security Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as security trustee under the Trust Deed) and U.S. Bank National Association as bond trustee (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as bond trustee or bond trustees under the Trust Deed) for the holders of the Bonds. The Bonds have the benefit of the Security (as defined in Condition 4) held by the Common Security Trustee for the benefit of the Bondholders, the holders of the Notes (as defined herein), the holders of any Convertible Bonds (as defined herein) and holders of any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4) pursuant to the terms of the Intercreditor Agreement (as defined herein).

The Bonds are subject to the paying and transfer agency agreement dated 21 July 2016 (as amended or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Subsidiary Guarantors, the Trustee, Citibank, N.A., London Branch as principal paying and transfer agent (the “**Principal Agent**”) and the other paying and transfer agents appointed under it (each a “**Paying Agent**”, “**Transfer Agent**” and together with the Registrar and the Principal Agent, the “**Agents**”) and Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**”) relating to the Bonds. References to the “Principal Agent”, “Registrar” and “Agents” below are references to the principal agent, registrar and agents for the time being for the Bonds.

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds, the Security Documents and the Intercreditor Agreement (as defined in Condition 4(A)). Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. Electronic copies of the Trust Deed, the Indentures (as defined in Condition 1(A)), the Security Documents, the Intercreditor Agreement and the Agency Agreement will be made

available to Holders upon receipt of evidence of holdings to the Paying Agent. The Bondholders are entitled to the benefit of and are bound by all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Security Documents, the Intercreditor Agreement and the Agency Agreement applicable to them.

As soon as reasonably practicable after the resumption of trading of the Shares on the Hong Kong Stock Exchange, the Issuer shall (i) procure a general meeting of its shareholders (the “**Shareholders’ Meeting**”) to pass all necessary resolutions (the “**Shareholder Resolutions**”) to issue the Convertible Bonds and to allot and issue new Shares upon the exercise of the conversion rights attached to the Convertible Bonds and any Shares to be issued pursuant to PIK Interest (as defined herein) accrued on or before the date of the Shareholder Resolutions (the “**Accrued PIK Interest**”) and any Shares that may be issued pursuant to any PIK Interest that may be capitalised and added to the then current outstanding principal amount of the Convertible Bonds from the date of the Shareholder Resolutions until 31 December 2019 (the “**Future PIK Interest**”) and (ii) obtain all necessary approvals in accordance with the relevant rules and regulations of the Hong Kong Stock Exchange, for the trading of the Shares to be issued upon the conversion of the Convertible Bonds, with a principal amount equal to the principal amount of the Bonds and the Accrued PIK Interest, on the Hong Kong Stock Exchange (the “**Listing Approvals**”) and together with the Shareholder Resolutions, the “**Mandatory Exchange Conditions**”).

As soon as reasonably practicable after the resumption of trading of the Shares on the Hong Kong Stock Exchange, the Issuer shall use commercially reasonable efforts to request all necessary approvals in accordance with the relevant rules and regulations of the Hong Kong Stock Exchange for the trading of the new Shares to be issued upon the conversion of the Future PIK Interest (the “**Future PIK Listing Approval**”).

The Issuer shall, as soon as reasonably practicable after receiving any rejection of an application for the Listing Approvals or Future PIK Listing Approval, provide evidence of such rejection to the Trustee.

For the purposes of these Conditions:

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

“**Business Day**” means, in relation to Hong Kong (for determining the US Dollar Equivalent of a Hong Kong dollar-denominated amount), a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in such place and in New York City and London;

“**Closing Price**” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“**Convertible Bonds**” means the US dollar-denominated variable rate convertible bonds due 31 December 2019 of the Issuer to be issued pursuant to the Automatic Exchange Transaction (as defined in Condition 6).

“**Hong Kong Stock Exchange**” means The Stock Exchange of Hong Kong Limited.

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected by the Issuer. If the Issuer fails to select an Independent Investment Bank when required by these Conditions, the Bondholders may by way of an ordinary resolution of Bondholders select the Independent Investment Bank.

“Rate Calculation Date” means the day which is two Business Days before the due date of the relevant amount under these Conditions;

“Reference Dealers” means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Issuer; and

“Shares” means ordinary shares of par value HK\$0.10 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

“Spot Rate”, for each Rate Calculation Date, means a rate determined by the Issuer in good faith as follows:

(a) in respect of the US Dollar Equivalent of a Hong Kong dollar-denominated amount, the bid exchange rate, expressed as the amount of Hong Kong dollars per one US dollar, which appears on the relevant Reuters “HKDFIX” page at 11.00 am. (Hong Kong time) on the Rate Calculation Date;

(b) if no such rate is available under sub-paragraph (a), the spot rate determined by the Issuer in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and

(c) if fewer than two quotations are provided under sub-paragraph (b), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the spot rate under sub-paragraph (b), the Issuer will request the Hong Kong office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer’s experience in the foreign exchange market for Hong Kong dollars and general activity in such market on the Rate Calculation Date. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 11:00 a.m. (Hong Kong time) on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 7, whether by the Reference Dealers (or any of them), the Issuer or the Independent Investment Bank, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Agents and all Bondholders.

“**Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

“**US Dollar Equivalent**” means the Hong Kong dollar amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date.

1. Guarantee and Status

(A) Guarantee

Each Subsidiary Guarantor has unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. Each Subsidiary Guarantor’s obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed. The obligations of the Issuer under the Bonds and the Trust Deed shall be guaranteed by the Subsidiary Guarantors on a *pari passu* basis with the obligations of the Issuer under the Notes and the Indentures.

The Subsidiary Guarantors as of the Issue Date (comprising all of the Subsidiaries which guarantee the payment of the Bonds and the Notes as of such date) are set out in schedule 4 to the Trust Deed.

The Issuer will cause each of its future Subsidiaries which guarantees the payment of amounts payable under the Notes or the Indentures to execute and deliver to the Trustee a supplemental trust deed to the Trust Deed (a “**Supplemental Trust Deed**”) pursuant to which each such Subsidiary will guarantee the payment of any amount payable under the Bonds or the Trust Deed on a *pari passu* basis with the obligations of the Issuer under the Notes and the Indentures. Each Subsidiary of the Issuer that guarantees the Bonds after the Issue Date, upon execution of the applicable Supplemental Trust Deed, will be a “**Subsidiary Guarantor**”.

A Subsidiary Guarantor shall be simultaneously released from its obligations under the Guarantee upon the release of the Subsidiary Guarantor from its Subsidiary Guarantee under the Indentures. The Trust Deed provides that no release of a Subsidiary Guarantor from the Guarantee shall be effective against the Trustee or the Bondholders until the Issuer has delivered to the Trustee an officer’s certificate stating that all requirements relating to such release and discharge have been complied with and that such release and discharge is authorised and permitted under the Trust Deed and the Security Documents (as defined in Condition 4(A)).

For the purposes of these Conditions:

“**Indentures**” means the Series A Notes Indenture, the Series B Notes Indenture, the Series C Notes Indenture, the Series D Notes Indenture and the Series E Notes Indenture.

“**Notes**” means the Series A Notes, the Series B Notes, the Series C Notes, the Series D Notes and the Series E Notes;

“**Notes Exchange Date**” means the date on which the Notes are originally issued under the Indentures, after the Schemes of Arrangement have been sanctioned;

“**Notes Trustee**” means Wilmington Trust, National Association in its capacity as the trustee of the Notes;

“**Schemes of Arrangement**” means a scheme of arrangement in respect of the Issuer under sections 673 and 674 of the Companies Ordinance (Cap 622) of the laws of Hong Kong, and/or a scheme of arrangement in respect of the Issuer under section 86 of the Companies Law (2013 Revision) as applicable in the Cayman Islands and/or a scheme of arrangement in respect of the Issuer under Part 26 of the Companies Act 2006 as applicable in England and Wales;

“**Series A Notes**” means the variable rate senior notes due 31 December 2019, to be issued by the Issuer on the Notes Exchange Date;

“**Series A Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series A Notes;

“**Series B Notes**” means the variable rate senior notes due 30 June 2020, to be issued by the Issuer on the Notes Exchange Date;

“**Series B Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series B Notes;

“**Series C Notes**” means the variable rate senior notes due 31 December 2020, to be issued by the Issuer on the Notes Exchange Date;

“**Series C Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series C Notes;

“**Series D Notes**” means the variable rate senior notes due 30 June 2021, to be issued by the Issuer on the Notes Exchange Date;

“**Series D Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series D Notes;

“**Series E Notes**” means the variable rate senior notes due 31 December 2021, to be issued by the Issuer on the Notes Exchange Date;

“**Series E Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series E Notes;

“**Subsidiary Guarantee**” has the meaning given to it under the Indentures; and

“**Subsidiary Guarantor**” means any initial Subsidiary Guarantor named herein and any other Subsidiary which guarantees the payment of the Bonds pursuant to the Trust Deed; provided that Subsidiary Guarantor will not include any person whose Guarantee has been released in accordance with the Trust Deed.

For the purposes of this Condition 1(A) only, “**Subsidiary**” has the meaning given to it under the Indentures. All other references to a “**subsidiary**” or “**Subsidiary**” in these Conditions of any person is to any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of the Cayman Islands or Hong Kong, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person.

A copy of the Indentures will be available free of charge from the Issuer, upon the written request of any Bondholder.

(B) Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4) secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves.

The Bonds will have the benefit of the Security (as defined in Condition 4) as security for the Issuer’s payment obligations and the performance of the Issuer’s obligations in respect of the Bonds, the Trust Deed, the Agency Agreement and the Intercreditor Agreement and of the Subsidiary Guarantor Pledgors’ obligations under the Guarantee. The Security is held (pursuant to the terms of the Intercreditor Agreement) by Citicorp International Limited as Common Security Trustee, for the benefit of the Bondholders, the holders of the Notes and the holders of any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4(C)), on a *pari passu* basis.

2. Form, Denomination and Title

(A) Form and Denomination

Subject to Condition 5, the Bonds are issued in registered form in the denomination of US\$1,000 and integral multiples of US\$1 in excess thereof, each without coupons attached. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

Each holder of a Bond shall, in addition to the principal amount, be entitled to its pro rata proportion of the aggregate of all interest arrears together with its pro rata proportion of the aggregate of all PIK Interest (if any) capitalised pursuant to and in accordance with Condition 5.

Upon issue, the Bonds will be represented by a Global Certificate deposited with a nominee of the common depositary for the accounts of, and representing Bonds registered in the name of a nominee of, Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.

Whilst the Bonds may only be traded in denominations of US\$1,000 and integral multiples of US\$1 in excess thereof, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount.

(B) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered (or, in the case of a joint holding, the first named thereof).

3. Transfers of Bonds; Issue of Certificates

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds and any increases in the principal amount thereof pursuant to Condition 5. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Subject to Condition 3(E) and Condition 3(F) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of such Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Agents, together with such evidence as the Registrar or (as the case may be) such Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of a Bond will be valid unless and until entered on the Register.

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

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds will, within three business days of receipt by the Registrar or, as the case may be, any other relevant Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

Except in limited circumstances, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where only some of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, a new Certificate in respect of the Bonds not so transferred will, within three business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3, Condition 5 and Condition 8, "**business day**" shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer) or the Agent with whom a Certificate is deposited in connection with a transfer is located.

(D) Formalities Free of Charge

Subject to Conditions 3(E) and 3(F), registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer and (ii) the Issuer or the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

(E) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to the Conditions; (ii) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been delivered in respect of such Bond pursuant to Condition 8(E); or (iii) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(B), whether or not interest is to be paid on the related Interest Payment Date in cash or capitalised pursuant to Condition 5). Each such period is a "**Closed Period**".

(F) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder upon request.

4. Security, Negative Pledge and Future Subordinated Indebtedness or Equity

(A) Security

The obligations of the Issuer under the Bonds and the Trust Deed and of the Subsidiary Guarantor Pledgors under the Guarantee are secured (the “**Security**”) rateably and on a *pari passu* basis with the obligations of the Issuer under the Notes and the Indentures and of the Subsidiary Guarantor Pledgors under their respective Subsidiary Guarantees and the obligations of the Issuer and the Subsidiary Guarantor Pledgors under any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4(C)) by the Collateral given by the Issuer and the Subsidiary Guarantor Pledgors under the Intercreditor Agreement and the Security Documents.

The Security over the Collateral is granted by the Issuer and the Subsidiary Guarantor Pledgors to the Common Security Trustee (for the benefit of the Trustee and the Bondholders) and is shared on a *pari passu* basis with the Notes Trustee (for the benefit of itself and the holders of Notes) and the holders of any Permitted *Pari Passu* Secured Indebtedness in accordance with the terms of the Intercreditor Agreement.

The Subsidiary Guarantor Pledgors as of the Issue Date are set out in schedule 5 to the Trust Deed.

The Issuer will procure that any Further Security (as defined in Condition 4(B)), granted by the Issuer or any Subsidiary Guarantor Pledgor pursuant to the Indentures after the Issue Date securing the obligations of the Issuer under the Notes and the Indentures or of a Subsidiary Guarantor Pledgor under its Subsidiary Guarantee, is also granted to the Common Security Trustee for the benefit of the Trustee and the Bondholders on a *pari passu* basis to secure the obligations of the Issuer under the Bonds and the Trust Deed and of such Subsidiary Guarantor Pledgor under the Guarantee. Each Subsidiary Guarantor Pledgor that grants such Further Security after the Issue Date, upon the granting of the Further Security, will be a “**Subsidiary Guarantor Pledgor**”.

Subject to compliance with provisions of the Trust Deed, any Security created in respect of the Collateral shall be released upon the release, pursuant to the Indentures, of any *pari passu* security in respect of the same Collateral for the Notes.

Neither the Common Security Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Bonds, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, priority, sufficiency or protection of any of the Security, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realise

upon or otherwise enforce any of the Security or Security Documents or any delay in doing so.

Citicorp International Limited is acting as Common Security Trustee for the Bonds and the Notes and any Permitted *Pari Passu* Secured Indebtedness. The Common Security Trustee, acting in its capacity as such, shall have such duties with respect to the Collateral pledged, assigned or granted pursuant to the Security Documents as are set forth in the Intercreditor Agreement and the Security Documents. Under certain circumstances, the Common Security Trustee may have obligations under the Security Documents or the Intercreditor Agreement that are in conflict with the interests of the holders of the Bonds and/or the Notes and/or any Permitted *Pari Passu* Secured Indebtedness. The Common Security Trustee will not be under any obligation to exercise any rights or powers conferred under the Intercreditor Agreement or any of the Security Documents for the benefit of the holders of the Bonds or the Notes or any Permitted *Pari Passu* Secured Indebtedness, unless such holders have offered to the Common Security Trustee indemnity and/or security satisfactory to the Common Security Trustee against any loss, liability or expense.

In these Conditions:

“**Capital Stock**” has the same meaning given to it under the Indentures;

“**Collateral**” means all collateral securing or purported to be securing, directly or indirectly, the obligations of the Issuer under the Bonds, the Trust Deed, the Notes and the Indentures and of the Subsidiary Guarantor Pledgors under the Guarantee and their respective Subsidiary Guarantees on a *pari passu* basis pursuant to the Intercreditor Agreement and the Security Documents, and shall consist of the Capital Stock of the Subsidiary Guarantors;

“**Intercreditor Agreement**” means amended and restated intercreditor agreement dated 21 July 2016, as amended or supplemented from time to time, among the Issuer, the Subsidiary Guarantor Pledgors, the Common Security Trustee and the other secured parties as named therein;

“**Security Documents**” means, collectively, the share charges and any other agreements or instrument that in each case may evidence or create any Security in favour of the Common Security Trustee for the benefit of the Trustee and the Bondholders in any or all of the Collateral; and

“**Subsidiary Guarantor Pledgor**” means each Subsidiary Guarantor Pledgor named herein and each other Subsidiary Guarantor which provides Collateral pursuant to the Trust Deed and the Intercreditor Agreement to secure the obligations of the Issuer under the Bonds and the Trust Deed; provided that Subsidiary Guarantor Pledgor will not include any person whose security under the Security Documents has been released in accordance with the Trust Deed, the Intercreditor Agreement and the Security Documents.

(B) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any Further Security, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness (except for any Further

Security that is created pursuant to Condition 4(B)), without at the same time or prior thereto according to the Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as either (i) the Issuer determines in good faith to be not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions

- (i) any reference to “**Further Security**” is to a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement having a similar economic effect; and
- (ii) any reference to “**Relevant Indebtedness**” is to any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement).

(C) Permitted *Pari Passu* Secured Indebtedness

On or after the Issue Date, the Issuer and any of the Subsidiary Guarantor Pledgors may create Further Security on the Collateral *pari passu* with the Security to secure indebtedness of the Issuer (including in respect of any further Bonds issued under Condition 15) and of a Subsidiary Guarantor Pledgor in respect of any *Pari Passu* Subsidiary Guarantee (“**Permitted *Pari Passu* Secured Indebtedness**”); provided that (i) the holders of such indebtedness (or their representatives) become party to the Intercreditor Agreement, (ii) the agreement in respect of such indebtedness contains provisions with respect to releases of Collateral and such *Pari Passu* Subsidiary Guarantee substantially similar to and no more restrictive on the Issuer and such Subsidiary Guarantor Pledgor than the provisions of the Trust Deed and the Security Documents and (iii) the Issuer and such Subsidiary Guarantor Pledgor deliver to the Trustee and the Common Security Trustee an opinion of counsel and a certificate signed by two duly authorised officers of the Issuer with respect to corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents or otherwise satisfactory to the Trustee and the Common Security Trustee; provided, further, that the Issuer shall apply 100% of the net proceeds of issuance of such Permitted *Pari Passu* Secured Indebtedness after the Issue Date towards the redemption on a *pari passu* and *pro rata* basis of the Bonds and any Permitted *Pari Passu* Secured Indebtedness existing as at the Issue Date (with payments *pro rata* based on the then principal amount then outstanding of the Bonds and such existing Permitted *Pari Passu* Secured Indebtedness). The Trustee and the Common Security Trustee are permitted and authorised, without notice to and the consent of any Bondholder, to enter into any amendments to the Security Documents, the Intercreditor Agreement or the Trust Deed and take any other action necessary to permit the creation and registration of Further Security on the Collateral to secure Permitted *Pari Passu* Secured Indebtedness in accordance with this Condition 4(C) (including, without limitation, the appointment of any collateral agent or

common security trustee under the Intercreditor Agreement to hold the Collateral on behalf of the Bondholders and the holders of Permitted *Pari Passu* Secured Indebtedness).

For the purposes of this Condition 4(C):

“***Pari Passu Subsidiary Guarantee***” means a guarantee by any Subsidiary Guarantor of indebtedness of the Issuer (including in respect of any further Bonds issued under Condition 15); provided that such guarantee ranks *pari passu* with the Subsidiary Guarantee of such Subsidiary Guarantor.

(D) *Future Subordinated Indebtedness or Equity*

On or after the Issue Date, any future indebtedness or equity (or any instrument that is a hybrid thereof) by the Issuer or its Subsidiaries that is or is expressed by its terms to be subordinated in right of payment to the Bonds (“**Subordinated Obligations**”) shall be expressed to be perpetual or shall have a maturity date that falls after 31 December 2021 and shall not be, or by its terms be capable of being, redeemed prior to the full redemption of the Bonds. In addition, the Issuer shall no longer be entitled to elect PIK Interest in accordance with Condition 5 after issuance of such Subordinated Obligations. The Trustee and the Agents shall be entitled to assume conclusively that PIK Interest is permitted unless and until they have express written notice to the contrary.

5. Interest

(A) *Accrual of Interest*

The Bonds bear interest from and including the Issue Date, payable semi-annually in arrear on 30 June and 31 December, commencing on 31 December 2016 (such dates, the “**Interest Payment Dates**”), at the rates specified as follows:

- (i) during the period from (and including) the Issue Date to (and excluding) 1 January 2017, 5.56 per cent. per annum, such interest to be capitalised and added to the then current outstanding principal amount of the Bonds (such interest, “**PIK Interest**”), unless the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay such interest in cash;
- (ii) during the one-year period from (and including) 1 January 2017 to (and excluding) 1 January 2018, (x) 6.56 per cent. per annum, with 1.00 per cent. of such interest to be paid in cash and 5.56 per cent. of such interest to be PIK Interest, or (y) 4.61 per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay all interest in cash;
- (iii) during the six-month period from (and including) 1 January 2018 to (and excluding) 1 July 2018, (x) 6.56 per cent. per annum, with 2.00 per cent. of such interest to be paid in cash and 4.56 per cent. of such

interest to be PIK Interest, or (y) 5.61 per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay all interest in cash;

- (iv) during the six-month period from (and including) 1 July 2018 to (and excluding) 1 January 2019, (x) 6.56 per cent. per annum, with 4.00 per cent. of such interest to be paid in cash and 2.56 per cent. of such interest to be PIK Interest, or (y) 6.61 per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay all interest in cash;
- (v) thereafter to (and excluding) the Original Maturity Date (as defined in Condition 8(A)), 6.56 per cent. per annum, with 6.00 per cent. to be paid in cash and 0.56 per cent. to be PIK Interest; and
- (vi) from (and including) the Original Maturity Date to (and excluding) the Extended Maturity Date (as defined in Condition 8(A)), 10 per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) to extend the Original Maturity Date pursuant to Condition 8(A).

Each Bond will cease to bear interest where such Bond is exchanged, redeemed or repaid pursuant to Condition 6, 8 or 10, from the due date for exchange, redemption or repayment thereof unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused or default is otherwise made in respect of any such payment.

Subject always to Condition 7(F), in such event, interest will continue to accrue on the principal amount of Bonds in respect of which payment is improperly withheld or default otherwise occurs, at the rate aforesaid (after as well as before any judgment) up to but excluding whichever is the earlier of (a) the date on which all sums due in respect of any Bond are received by or on behalf of the relevant holder and (b) the day which is seven days after the Principal Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is a subsequent default in payment). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year of twelve 30-day months and, in the case of an incomplete month, the number of days elapsed. Subject only as provided in Condition 5 below, interest payable under this Condition will be paid in accordance with Condition 7. If an Interest Payment Date is not a business day, the Interest Payment Date will be the next following business day and no interest shall accrue during the intervening period on account of such delay.

(B) PIK Interest

Subject to Condition 4(D), the Issuer may elect to pay PIK Interest in lieu of cash pursuant to Condition 5(A) above; provided that, in respect of any Interest Payment Date falling during such period as provided in Condition 5(A) above, the Issuer shall elect (by

giving notice to the Trustee, the Principal Agent, the Registrar and the Bondholders in accordance with Condition 16 (*Notices*) not less than 15 days prior to the relevant Interest Payment Date (as defined in Condition 7(A)) to pay the relevant amount of PIK Interest in cash (if any) in the manner contemplated and provided for in Condition 7 (*Payments*).

6. Automatic Exchange Transaction

If, on any date following the Issue Date the Mandatory Exchange Conditions are satisfied, then the Issuer shall as soon as reasonably practicable give written notice of the satisfaction of the Mandatory Exchange Conditions to the Trustee, the Agents and the Bondholders in accordance with Condition 16, and as soon as practicable after the date of notice by the Issuer to the Bondholders, the Trustee and the Agents of the satisfaction of the Mandatory Exchange Conditions, all of the then outstanding principal amount of Bonds will be automatically exchanged for an equal aggregate principal amount of Convertible Bonds to be issued by the Issuer under a new trust deed in the form attached as Schedule 8 (*Form of Convertible Bond Trust Deed*) to the Trust Deed (the “**Automatic Exchange Transaction**”).

The Automatic Exchange Transaction will be completed on a cashless basis by exchanging the outstanding Bonds for Convertible Bonds, and no consent or any other action will be required by Bondholders or the Trustee for the Automatic Exchange Transaction. The Bonds will be automatically cancelled, and the Guarantee will be automatically released and terminated, upon consummation of the Automatic Exchange Transaction.

By accepting a Bond, each Bondholder will be deemed to have (i) agreed to be bound by the Automatic Exchange Transaction, and (ii) irrevocably authorised and directed the Trustee or any other person required to complete the Automatic Exchange Transaction, to take all actions required to consummate the Automatic Exchange Transaction without the need for further direction from such Bondholder under the Trust Deed.

Contemporaneous with the consummation of the Automatic Exchange Transaction, the Issuer will enter into and procure that each Subsidiary Guarantor Pledgor shall grant a customary security confirmation and supplemental charge in respect of the Collateral and the Exchange Convertible Bonds in favour of the Common Security Trustee and provide to the Common Security Trustee all customary related corporate formality documents and associated legal opinions from the Issuer’s legal counsel in respect of the supplemental charges.

7. Payments

(A) US Dollar Settlement

Subject only as provided in Condition 5, all amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Trust Deed from or against the Issuer shall be payable and settled in US dollars only in immediately available and cleared funds.

(B) Method of Payment

Payment of principal, premium (if any) and interest due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or by United States dollar denominated cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account. Payment of

principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will (subject only as provided in Condition 5) be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the seventh day (whether or not such day is a Business Day) before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by United States dollar denominated cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account.

*Whilst the Bonds are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive except 25 December and 1 January).*

(C) Registered Accounts

For the purposes of this Condition, a Bondholder’s registered account means the United States dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

(D) Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(E) Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(F) Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(G) Business Day

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

(H) Partial Payment

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. Redemption, Purchase and Cancellation

(A) Maturity

Unless previously redeemed, exchanged (pursuant to Condition 6) or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount together with unpaid accrued interest thereon on 31 December 2019 (the “**Original Maturity Date**”), provided that the Issuer may elect (by giving written notice to the Trustee, the Principal Agent, the Registrar and the Bondholders in accordance with Condition 16 (Notices) not less than five business days prior to the record date relating to the Original Maturity Date) to redeem each Bond at its principal amount together with unpaid accrued interest thereon on 31 December 2020 (the “**Extended Maturity Date**”). Interest will be paid on Original Maturity Date and each Interest Payment Date thereafter until the Extended Maturity Date. The Issuer may not redeem the Bonds at its option prior to the Original Maturity Date except as provided in Condition 8(B) or 8(C) below (but without prejudice to Condition 10).

(B) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders (with a copy to the Trustee and the Agents) in accordance with Condition 16 (which notice shall be irrevocable) at their principal amount together with interest accrued to the date fixed for redemption (the “**Tax Redemption Date**”), if (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Agents (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee and the Agents shall be entitled to accept and rely on

such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders. Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds at their principal amount together with interest accrued to the date fixed for redemption.

(C) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice to the Bondholders, the Agents and the Trustee (which notice will be irrevocable), the Issuer may at any time redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued has already been, redeemed or purchased and cancelled.

(D) Redemption for Mandatory Exchange Conditions

If the Issuer fails to obtain the Listing Approvals within 60 days of the resumption of trading of the Shares which are suspended as of the Issue Date and such failure continues for a period of 30 consecutive days, a Bondholder shall be entitled to require the redemption of the principal amount of its Bonds on the date which is 120 days from the resumption of trading of the Shares (the "**Mandatory Redemption Date**"), at par plus the MEB Redemption Amount. The Issuer shall give notice in writing to the Trustee, the Agents and the Bondholders in accordance with Condition 16 within 70 days of the resumption of trading of the Shares which are suspended as of the Issue Date if the Issuer fails to obtain the Listing Approvals within 60 days of the resumption of trading of the Shares which are suspended as of the Issue Date.

To exercise such right, a Bondholder must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent ("**Mandatory Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 100 days following the resumption of trading of the Shares which are suspended as of the Issue Date, or, if later, 10 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

A Mandatory Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Mandatory Redemption Notice as aforesaid on the Mandatory Redemption Date. The Issuer shall give notice to Bondholders, the Trustee and the Agents in accordance with Condition 16 by not later than 90 days following the first day of the resumption of trading of the Shares which are suspended as of the Issue Date, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(D).

Neither the Trustee nor the Agents shall be required to monitor or to take any steps to ascertain whether the Shares which are suspended as of the Issue Date have resumed trading.

For the purposes of this Condition 8(D):

“**Conversion Price**” means HK\$2.34 per share, subject to adjustment by reference to any events which would have caused that price to be adjusted had the Convertible Bonds been issued on the Notes Exchange Date.

“**MEB Redemption Amount**” means the greater of:

- (i) an amount equal to the sum of (x) the cash and PIK Interest on the aggregate principal amount of the Bonds which would have accrued if the interest rate applicable to the Bonds had been the same as the interest rate applicable to the Series A Notes assuming both were outstanding from the Reference Date to the Mandatory Redemption Date, less any accrued cash and PIK Interest (whether or not paid yet) on the Bonds had they been outstanding from the Reference Date to the Mandatory Redemption Date and (y) a redemption premium equal to 2.0% of the principal amount of the Bonds on the Mandatory Redemption Date (which, for the avoidance of doubt, includes any PIK Interest that has been capitalised and added to the outstanding principal amount of the Bonds as of, and the PIK Interest since the last interest payment date accrued up to, the Mandatory Redemption Date); and
- (ii) an amount equal to the product of (x) the difference between the 30-day VWAP of the Shares five business days prior to the Mandatory Redemption Date and the Conversion Price and (y) the quotient of the aggregate principal amount of the Bonds on the Mandatory Redemption Date (which, for the avoidance of doubt, includes any PIK Interest that has been capitalised and added to the then current outstanding principal amount of the Bonds as of, and the PIK Interest since the last interest payment date accrued up to, the Mandatory Redemption Date) and the Conversion Price.

The MEB Redemption Amount shall be calculated by the Issuer acting in good faith.

(E) Redemption for Delisting or Change of Control

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Relevant Event Redemption Date at a price equal to their principal amount together with interest accrued to the date fixed for redemption. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (“**Relevant Event Redemption Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The “**Relevant Event Redemption Date**” shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders, the Trustee and the Agents in

accordance with Condition 16 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) and shall give brief details of the Relevant Event.

Neither the Trustee nor the Agents shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur.

A “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange after lifting of the suspension of trading of the Shares existing as of the Issue Date; or
- (ii) when there is a Change of Control.

For the purposes of this Condition 8(E):

“**Control**” means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a “**Change of Control**” occurs when:

- (i) any Person or Persons acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date;
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the assets of the Issuer to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or the successor entity; or
- (iii) one or more Persons (other than any Person referred to in subparagraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Issuer.

“**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include members of the board of directors of the Issuer (or their respective heirs, executors or assigns) or any other governing board and does not include the wholly-owned direct or indirect Subsidiaries of the Issuer.

(F) Bondholders' Tax Option

If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of the relevant Cayman Islands and Hong Kong taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8(F), the relevant Bondholder must deposit a duly completed and signed notice of exercise in the form for the time being currently obtainable from the specified office of any Paying Agent (a "**Bondholder's Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date at the specified office of any Paying Agent.

(G) Purchase

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(H) Cancellation

All Bonds which are redeemed or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(I) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will specify the interest accrued to the date fixed for redemption, (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable hereunder.

The Issuer shall provide written notice to the Trustee and the Agents before 12.00 noon (local time of the Trustee or the Agents, whichever is the earlier) one Business Day prior to the date of publication of any notice of redemption given to the Bondholders pursuant to this Condition.

9. Taxation

All payments made by the Issuer or, as the case may be, any Subsidiary Guarantor or Subsidiary Guarantor Pledgor under or in respect of the Bonds, the Guarantee, the Intercreditor Agreement, the Security Documents, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or

governmental charges of whatever nature imposed or levied by or on behalf of the Cayman Islands, Hong Kong, the People's Republic of China (the "**PRC**") or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer or, as the case may be, the Subsidiary Guarantor or the Subsidiary Guarantor Pledgor will pay such additional amounts (the "**Additional Tax Amounts**") as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection*: to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands, Hong Kong or the PRC (as the case may be) otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so following a timely request by the Issuer;
- (ii) *Presentation more than 30 days after the relevant date*: if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days;
- (iii) *Payment to individuals*:
 - (A) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (B) to a holder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority; or
- (iv) *Payment by another Paying Agent*: to a holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union.

For the purposes hereof, "**relevant date**" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which,

the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

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

10. Events of Default

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in either case to being indemnified and/or secured by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount together with accrued and unpaid interest if a Responsible Officer of the Trustee has been notified in writing of any of the following has occurred and is continuing:

- (i) ***Non-Payment of Principal or Premium:*** a default in the payment of principal of (or premium, if any, on) the Bonds when the same becomes due and payable at maturity or extended maturity, upon acceleration, redemption or otherwise;
- (ii) ***Non-Payment of Interest:*** a default in the payment of interest on any Bond when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (iii) ***Failure to Pay under the CVRs:*** failure by the Issuer to make any payment (in cash or Shares) by the CVR Settlement Date following a CVR Triggering Event pursuant to the terms of the CVRs;
- (iv) ***Breach of Other Obligations:*** the Issuer or, as the case may be, any Subsidiary Guarantor does not perform or comply with one or more of its other obligations in the Bonds, the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 30 consecutive days after written notice of such default shall have been given to the Issuer by the Trustee or the Holders (with a copy to the Trustee if given by the Holders);
- (v) ***Cross-Default:*** there occurs with respect to any indebtedness of the Issuer or its Subsidiaries (other than a Subordinated Shareholder Loan) having an outstanding principal amount of US\$20.0 million (or the US Dollar Equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness existing as at the Issue Date or shall thereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) a failure to make a principal payment when due;
- (vi) ***Final Judgments or Orders:*** one or more final judgments or orders for the payment of money are rendered against the Issuer or any of its

Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$20.0 million (or the US Dollar Equivalent thereof) (in excess of amounts which the Issuer's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (vii) ***Insolvency***: an involuntary case or other proceeding is commenced against the Issuer or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary or for any substantial part of the property or assets of the Issuer or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days, or an order for relief is entered against the Issuer or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar laws now or hereafter in effect;
- (viii) ***Winding-up or General Assignment***: the Issuer or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary, or for all or substantially all of the property and assets of the Issuer or any Significant Subsidiary, or (c) effects any general assignment for the benefit of creditors;
- (ix) ***Disaffirmation or Unenforceability of Guarantee***: any Subsidiary Guarantor denies or disaffirms its obligations under the Guarantee or, except as permitted by the Trust Deed, the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect;
- (x) ***Default under Security Documents***: any default by the Issuer or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents or the Trust Deed, which adversely affects the enforceability, validity, perfection or priority of the applicable Security on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect;
- (xi) ***Disaffirmation or Unenforceability of Security***: the Issuer or any Subsidiary Guarantor Pledgor disaffirms its obligations under any Security Document or, other than in accordance with the Trust Deed and the Security Documents, any Security Document ceases to be or is

not in full force and effect or the Common Security Trustee ceases to have a security interest in the Collateral (subject to any security interest permitted under the Trust Deed and the Intercreditor Agreement for the benefit of the Trustee and the Bondholders);

- (xii) ***Provision of 2014 Financial Statements***: failure by the Issuer to file with the Hong Kong Stock Exchange copies of its financial statements (on a consolidated basis) in respect of the fiscal year ended 31 December 2014 (including a statement of income, balance sheet and cash flow statement) audited by a member of an internationally recognized firm of independent accountants on or before 31 December 2016 and such failure is not cured by 31 March 2017;
- (xiii) ***Suspension from trading***: suspension of the trading of the Issuer's ordinary shares on The Stock Exchange of Hong Kong Limited or Alternative Stock Exchange on which the Issuer's ordinary shares are at any time listed for trading after resumption of trading of such shares which are suspended as of the Notes Exchange Date, and such suspension continues for more than 30 consecutive Trading Days; and
- (xiv) ***Failure to pass Shareholder Resolutions***: failure of the Shareholder Resolutions to be passed within 60 days of the resumption of trading of the Shares which are suspended as of the Notes Exchange Date, and such failure continues for a period of 30 consecutive days,

provided that, in the case of any such event other than those described in paragraphs (i), (ii), (iii), (iv), (vi), and in relation to the Issuer only, (viii) and (ix), the Trustee shall have certified in writing to the Issuer that such event is in its opinion materially prejudicial to the interest of Bondholders.

The Trustee shall not be deemed to have notice of any Event of Default unless a Responsible Officer of the Trustee has received written notice thereof or unless the holders of not less than 25 per cent. in aggregate of the outstanding Bonds give written notice of any such Event of Default or default to the Trustee at its agency and trust office. For the purposes of this paragraph, "**Responsible Officer**" shall mean any officer of the Trustee having direct responsibility for the administration of the Trust Deed, or to whom corporate trust matters are referred because of that officer's knowledge of and familiarity with the particular subject.

Notwithstanding the foregoing, the capitalisation of any amount of PIK Interest in accordance with Condition 5 shall not constitute an Event of Default. In addition, any Event of Default existing on the Notes Exchange Date arising out of or related to a default, event of default or acceleration of Indebtedness under or failure to pay principal of, or interest or premium on, any Indebtedness of the Company's Subsidiaries that are incorporated in the PRC owed by such Subsidiaries to various financial institutions domiciled in the PRC ("**Onshore Debt**"), shall be deemed waived by all Holders, if, with respect to not less than 85% in aggregate principal amount of such Onshore Debt, as of the Notes Exchange Date, either (i) such Onshore Debt is subject to binding documentation providing for its (A) restructuring or (B) refinancing or (ii) no default or event of default exists under such Onshore Debt, or will occur as a result of the transactions contemplated by the Schemes of Arrangement, and there are no events or circumstances (and no events or circumstances will

arise as a result of the transactions contemplated by the Schemes of Arrangement) that would cause a default or event of default to occur under such Onshore Debt with or without the giving of notice or passage of time, or both. The Company shall deliver an officers' certificate to the Trustee on the Notes Exchange Date confirming the foregoing provision has been met. For the avoidance of doubt, the waiver referred to in this paragraph shall not apply to any Event of Default that occurs after the Notes Exchange Date in respect of (I) any Onshore Debt or (II) any additional Indebtedness incurred after the Notes Exchange Date by the Company's Subsidiaries that are incorporated in the PRC.

For the purposes of this Condition 10:

“**CVRs**” means the contingent value rights issued by the Issuer on the Issue Date, after the Schemes of Arrangement have been sanctioned.

“**CVR Settlement Date**” has the same meaning ascribed to it in the CVRs;

“**CVR Triggering Event**” has the same meaning ascribed to it in the CVRs;

“**Significant Subsidiary**” has the meaning ascribed to it in the Indentures; and

“**Subordinated Shareholder Loan**” has the meaning ascribed to it in the Indentures.

11. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the relevant date (as defined in Condition 9) in respect thereof.

12. Enforcement

At any time after the Bonds have become due and repayable as a result of an Event of Default or acceleration, the Trustee may, at its sole discretion and without further notice, take such proceedings against the Issuer, the Subsidiary Guarantors and/or the Subsidiary Guarantor Pledgors as it may think fit (including directing the Common Security Trustee to take any action in relation thereto) to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, the Intercreditor Agreement and the Security Documents (save that the Security may only be enforced in accordance with the provisions of the Intercreditor Agreement and the Security Documents), but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer, the Subsidiary Guarantors and/or the Subsidiary Guarantor Pledgors unless the Trustee, having become bound to do so, fails to do so within 60 days after a written request by 25% of the Bondholders or the date of the Extraordinary Resolution, and such failure shall be continuing.

13. Meetings of Bondholders, Modification, Waiver and Substitution

Subject to the requirements of the Trust Indenture Act (which shall prevail over any conflicting or contrary provisions in this Condition 13):

(A) Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to modify the due date for any payment in respect of the Bonds;
- (ii) to reduce or cancel the amount of principal or interest payable in respect of the Bonds;
- (iii) to change the currency of payment of the Bonds;
- (iv) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing; or
- (v) to amend the foregoing list of proposals,

in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate not less than 66 per cent., or at any adjourned such meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(B) Amendments without consent of Bondholders:

The Issuer, the Subsidiary Guarantors, the Trustee and the Common Security Trustee may amend or supplement the Trust Deed, the Intercreditor Agreement or any Security Document without notice to or the consent of any Bondholder, to:

- (i) cure any ambiguity, defect, omission or inconsistency in the Trust Deed, the Bonds, the Intercreditor Agreement or any Security Document, or to make any changes or modifications of the Trust Deed necessary in connection with the qualification of the Trust Deed under the U.S. Trust Indenture Act of 1939;
- (ii) comply with the provisions in clause 8 of the Trust Deed;

- (iii) evidence and provide for the acceptance of an appointment by a successor Trustee or Common Security Trustee (as the case may be) under the Trust Deed;
- (iv) add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by these Conditions;
- (v) add any Subsidiary Guarantor Pledgor or release any Subsidiary Guarantor Pledgor as provided or permitted by the terms of the Trust Deed;
- (vi) add additional Collateral to secure the Bonds or any Subsidiary Guarantee and create and register liens on such additional Collateral;
- (vii) in any other case where a deed supplemental to the Trust Deed is required or permitted to be entered into pursuant to the provisions of the Trust Deed without the consent of any Bondholder;
- (viii) effect any changes to the Trust Deed in a manner necessary to comply with the applicable procedures of Euroclear and Clearstream;
- (ix) permit Permitted *Pari Passu* Secured Indebtedness in accordance with the terms of the Trust Deed (including, without limitation, permitting the Trustee to enter into the Intercreditor Agreement or any amendments to the Security Documents or the Trust Deed, the appointment of any common security trustee or collateral agent under any Intercreditor Agreement to hold the Collateral on behalf of the Bondholders and the holders of Permitted *Pari Passu* Secured Indebtedness and taking any other action necessary to permit the creation and registration of liens on the Collateral to secure Permitted *Pari Passu* Secured Indebtedness in accordance with the Trust Deed); or
- (x) make any other change that, in the good faith opinion of the board of directors of the Issuer, does not materially and adversely affect the rights of any Bondholder.

(C) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 13(A) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement, the Trust Deed, the Intercreditor Agreement or the Security Documents which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement, the Trust Deed, the Intercreditor Agreement or the Security Documents which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

(D) Interests of Bondholders

In connection with the exercise of their functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(E) Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee or the Common Security Trustee (whether or not addressed to the Trustee or the Common Security Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee and/or the Common Security Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee or the Common Security Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A) or a modification, waiver or authorisation in accordance with Condition 13(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 16.

14. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds. Such further Bonds may be constituted by a deed supplemental to the Trust Deed.

16. Notices

All notices to Bondholders shall be validly given if sent to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*) and so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in a daily newspaper with general circulation in Singapore (which is expected to be *The*

Business Times). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the seventh day after being so sent, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System in accordance with Applicable Procedures, for communication by it to entitled account holders in substitution for notification as required by these Conditions.

In these Conditions, “**Applicable Procedures**” means, with respect to any payment, tender, redemption, transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository that apply to such payment, tender, redemption, transfer or exchange; and “**Depository**” has the meaning given to “Common Depository” under the Indentures.

17. Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (a) a Principal Agent, (b) as necessary, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Directive 2003/48/EC or any other European Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform, to such Directive, (c) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require and (d) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and the Trustee and in any event not less than 30 days’ notice will be given.

18. Currency Indemnity

(A) Currency of Account and Payment

US dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer or any Subsidiary Guarantor under or in connection with the Bonds and the Trust Deed, including damages.

(B) Extent of Discharge

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Subsidiary Guarantor or otherwise), by the Trustee, the Common Security Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer or any Subsidiary Guarantor to the extent of the Contractual Currency amount which the recipient is able to

purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

(C) Indemnity

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds or the Trust Deed, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.

(D) Indemnity Separate

The indemnity in this Condition 18 constitutes a separate and independent obligation from the other obligations under the Bonds and the Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee, the Common Security Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds and/or the Trust Deed or any other judgment or order.

19. Indemnification of the Trustee and the Common Security Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and the Common Security Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. Each of the Trustee and the Common Security Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

20. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for.

21. Governing Law and Submission to Jurisdiction

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England and Wales. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the non-exclusive jurisdiction of the courts of England and Wales and in relation thereto has appointed NCR National Corporate Research (UK) Limited of 1st Floor, 6 Bevis Marks, London EC3A 7BA, United Kingdom as its agent for service of process in England and Wales. The Issuer will provide prompt written notice to the Trustee and the Agents of any termination and appointment of an agent for service of process.

APPENDIX C

FORM OF TERMS AND CONDITIONS OF THE EXCHANGE CONVERTIBLE BONDS

The following, save for the paragraphs in italics, are the form of Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the US\$[AMOUNT] variable rate convertible bonds due 31 December 2019 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Kaisa Group Holdings Ltd. (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(A)(v)) were authorised by an extraordinary resolution passed at a general meeting of the shareholders of the Issuer on [DATE]. The Bonds are jointly and severally guaranteed by the initial Subsidiary Guarantors (as defined Condition 1(A)). The giving of the Guarantee (as defined in Condition 1(A)) was authorised by resolutions of the board of directors and shareholders of each of the initial Subsidiary Guarantors passed on or about [DATE] and [DATE], respectively. The Bonds have the benefit of the Security as defined in Condition 4. The granting of the Security was approved by resolutions of the board of directors of the Issuer on 23 March 2016 and by resolutions of the board of directors of each of the initial Subsidiary Guarantor Pledgors (as defined in Condition 4(A)) on or about [●] 2016.

The Bonds are constituted by the trust deed (as amended or supplemented from time to time, the “**Trust Deed**”) dated on or about [DATE] (the “**Issue Date**”) made between the Issuer, the Subsidiary Guarantors and [COMMON SECURITY TRUSTEE] as common security trustee (the “**Common Security Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as security trustee under the Trust Deed) and U.S. Bank National Association as bond trustee (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as bond trustee or bond trustees under the Trust Deed) for the holders of the Bonds pursuant to the extraordinary resolution passed at a general meeting of the shareholders of the Issuer dated [DATE]. The Bonds have the benefit of the Security (as defined in Condition 4) held by the Common Security Trustee for the benefit of the Bondholders, the holders of the Notes (as defined herein) and holders of any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4) pursuant to the terms of the Intercreditor Agreement (as defined herein).

The Bonds are subject to the paying, conversion and transfer agency agreement dated [DATE] (as amended or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Subsidiary Guarantors, the Trustee, [AGENT] as principal paying, conversion and transfer agent (the “**Principal Agent**”) and the other paying, conversion and transfer agents appointed under it (each a “**Paying Agent**”, “**Conversion Agent**”, “**Transfer Agent**” and together with the Registrar and the Principal Agent, the “**Agents**”) and [REGISTRAR] as registrar (the “**Registrar**”) relating to the Bonds. References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds.

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds, the

Security Documents and the Intercreditor Agreement (as defined in Condition 4(A)). Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. Electronic copies of the Trust Deed, the Indentures (as defined in Condition 1(A)), the Security Documents, the Intercreditor Agreement and the Agency Agreement will be made available to Holders upon receipt of evidence of holdings to the Paying Agent. The Bondholders are entitled to the benefit of and are bound by all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Security Documents, the Intercreditor Agreement and the Agency Agreement applicable to them.

[As soon as reasonably practicable after the Issue Date (if not previously obtained), the Issuer shall use commercially reasonable efforts to request all necessary approvals in accordance with the relevant rules and regulations of the Hong Kong Stock Exchange for the trading of any new Shares that may be issued upon conversion of any PIK interest that may be capitalised and added to the then current outstanding principal amount of the Bonds from [the date of the Shareholder Resolutions] until 31 December 2019 (the “**Future PIK Listing Approval**”).

The Issuer shall, as soon as reasonably practicable after receiving any rejection of an application for the Future PIK Listing Approval, provide evidence of such rejection to the Trustee.]¹⁰

For the purposes of these Conditions:

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

“**Business Day**” means, in relation to Hong Kong (for determining the US Dollar Equivalent of a Hong Kong dollar- denominated amount), a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in such place and in New York City and London;

“**Hong Kong Stock Exchange**” means The Stock Exchange of Hong Kong Limited.

“**Rate Calculation Date**” means the day which is two Business Days before the due date of the relevant amount under these Conditions;

“**Reference Dealers**” means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Issuer; and

“**Spot Rate**”, for each Rate Calculation Date, means a rate determined by the Issuer in good faith as follows:

(a) in respect of the US Dollar Equivalent of a Hong Kong dollar-denominated amount, the bid exchange rate, expressed as the amount of Hong Kong dollars per one US dollar, which appears on the relevant Reuters “HKDFIX” page at 11.00 am. (Hong Kong time) on the Rate Calculation Date;

¹⁰ Include if Future PIK Listing Approval has not yet been obtained by the Issue Date of the Convertible Bonds.

(b) if no such rate is available under sub-paragraph (a), the spot rate determined by the Issuer in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and

(c) if fewer than two quotations are provided under sub-paragraph (b), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the spot rate under sub-paragraph (b), the Issuer will request the Hong Kong office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer's experience in the foreign exchange market for Hong Kong dollars and general activity in such market on the Rate Calculation Date. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 11:00 a.m. (Hong Kong time) on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 7, whether by the Reference Dealers (or any of them), the Issuer or the Independent Investment Bank, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Agents and all Bondholders.

“**US Dollar Equivalent**” means the Hong Kong dollar amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date.

1. Guarantee and Status

(A) *Guarantee*

Each Subsidiary Guarantor has unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. Each Subsidiary Guarantor's obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed. The obligations of the Issuer under the Bonds and the Trust Deed shall be guaranteed by the Subsidiary Guarantors on a *pari passu* basis with the obligations of the Issuer under the Notes and the Indentures.

The Subsidiary Guarantors as of the Issue Date (comprising all of the Subsidiaries which guarantee the payment of the Bonds and the Notes as of such date) are set out in schedule 4 to the Trust Deed.

The Issuer will cause each of its future Subsidiaries which guarantees the payment of amounts payable under the Notes or the Indentures to execute and deliver to the Trustee a supplemental trust deed to the Trust Deed (a “**Supplemental Trust Deed**”) pursuant to which each such Subsidiary will guarantee the payment of any amount payable under the Bonds or the Trust Deed on a *pari passu* basis with the obligations of the Issuer under the Notes and the Indentures. Each Subsidiary of the Issuer that guarantees the Bonds after the Issue Date, upon execution of the applicable Supplemental Trust Deed, will be a “**Subsidiary Guarantor**”.

A Subsidiary Guarantor shall be simultaneously released from its obligations under the Guarantee upon the release of the Subsidiary Guarantor from its Subsidiary Guarantee under the Indentures. The Trust Deed provides that no release of a Subsidiary Guarantor from the Guarantee shall be effective against the Trustee or the Bondholders until the Issuer has delivered to the Trustee an officer’s certificate stating that all requirements relating to such release and discharge have been complied with and that such release and discharge is authorised and permitted under the Trust Deed and the Security Documents (as defined in Condition 4(A)).

For the purposes of these Conditions:

“**Indentures**” means the Series A Notes Indenture, the Series B Notes Indenture, the Series C Notes Indenture, the Series D Notes Indenture and the Series E Notes Indenture.

“**Notes**” means the Series A Notes, the Series B Notes, the Series C Notes, the Series D Notes and the Series E Notes;

“**Notes Exchange Date**” means the date on which the Notes are originally issued under the Indentures, after the Schemes of Arrangement have been sanctioned;

“**Notes Trustee**” means Wilmington Trust, National Association in its capacity as the trustee of the Notes;

“**Schemes of Arrangement**” means a scheme of arrangement in respect of the Issuer under sections 673 and 674 of the Companies Ordinance (Cap 622) of the laws of Hong Kong, and/or a scheme of arrangement in respect of the Issuer under section 86 of the Companies Law (2013 Revision) as applicable in the Cayman Islands and/or a scheme of arrangement in respect of the Issuer under Part 26 of the Companies Act 2006 as applicable in England and Wales;

“**Series A Notes**” means the variable rate senior notes due 31 December 2019, to be issued by the Issuer on the Notes Exchange Date;

“**Series A Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series A Notes;

“**Series B Notes**” means the variable rate senior notes due 30 June 2020, to be issued by the Issuer on the Notes Exchange Date;

“**Series B Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series B Notes;

“**Series C Notes**” means the variable rate senior notes due 31 December 2020, to be issued by the Issuer on the Notes Exchange Date;

“**Series C Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series C Notes;

“**Series D Notes**” means the variable rate senior notes due 30 June 2021, to be issued by the Issuer on the Notes Exchange Date;

“**Series D Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series D Notes;

“**Series E Notes**” means the variable rate senior notes due 31 December 2021, to be issued by the Issuer on the Notes Exchange Date;

“**Series E Notes Indenture**” means the indenture dated the Notes Exchange Date (as supplemented and amended from time to time) among the Issuer, the Subsidiary Guarantors and the Notes Trustee for the benefit of the holders of the Series E Notes;

“**Subsidiary Guarantee**” has the meaning given to it under the Indentures; and

“**Subsidiary Guarantor**” means any initial Subsidiary Guarantor named herein and any other Subsidiary which guarantees the payment of the Bonds pursuant to the Trust Deed; provided that Subsidiary Guarantor will not include any person whose Guarantee has been released in accordance with the Trust Deed.

For the purposes of this Condition 1(A) only, “**Subsidiary**” has the meaning given to it under the Indentures. All other references to a “**subsidiary**” or “**Subsidiary**” in these Conditions of any person is to any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of the Cayman Islands or Hong Kong, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person.

A copy of the Indentures will be available free of charge from the Issuer, upon the written request of any Bondholder.

(B) Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4) secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves.

The Bonds will have the benefit of the Security (as defined in Condition 4) as security for the Issuer’s payment obligations and the performance of the Issuer’s obligations in respect of the Bonds, the Trust Deed, the Agency Agreement and the Intercreditor Agreement and of the Subsidiary Guarantor Pledgors’ obligations under the Guarantee. The Security is held

(pursuant to the terms of the Intercreditor Agreement) by [COMMON SECURITY TRUSTEE] as Common Security Trustee, for the benefit of the Bondholders, the holders of the Notes and the holders of any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4(C)), on a *pari passu* basis.

2. Form, Denomination and Title

(A) Form and Denomination

Subject to Condition 5, the Bonds are issued in registered form in the denomination of US\$1,000 and integral multiples of US\$1 in excess thereof, each without coupons attached. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

Each holder of a Bond shall, in addition to the principal amount, be entitled to its pro rata proportion of the aggregate of all interest arrears as at the Issue Date together with its pro rata proportion of the aggregate of all PIK Interest (if any) capitalised pursuant to and in accordance with Condition 5.

Upon issue, the Bonds will be represented by a Global Certificate deposited with a nominee of the common depositary for the accounts of, and representing Bonds registered in the name of a nominee of, Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.

Whilst the Bonds may only be traded in denominations of US\$1,000 and integral multiples of US\$1 in excess thereof, for the purpose of Euroclear and Clearstream, the denominations are considered as US\$1. For the avoidance of doubt, neither Euroclear nor Clearstream is required to monitor or enforce the minimum amount.

(B) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered (or, in the case of a joint holding, the first named thereof).

3. Transfers of Bonds; Issue of Certificates

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds and any increases in the principal amount thereof pursuant to Condition 5. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Subject to Condition 3(E) and Condition 3(F) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of such Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Agents, together with such evidence as the Registrar or (as the case may be) such Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of a Bond will be valid unless and until entered on the Register.

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

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer or (if applicable) conversion of Bonds will, within three business days of receipt by the Registrar or, as the case may be, any other relevant Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

Except in limited circumstances, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where only some of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred or converted, a new Certificate in respect of the Bonds not so transferred or converted will, within three business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or converted (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3, Condition 5, Condition 6 and Condition 8, "business day" shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

(D) Formalities Free of Charge

Subject to Conditions 3(E) and 3(F), registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be

imposed in relation to such transfer and (ii) the Issuer or the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

(E) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to the Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)) has been delivered with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been delivered in respect of such Bond pursuant to Condition 8(E); or (iv) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(B), whether or not interest is to be paid on the related Interest Payment Date in cash or capitalised pursuant to Condition 5). Each such period is a “**Closed Period**”.

(F) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder upon request.

4. Security, Negative Pledge and Future Subordinated Indebtedness or Equity

(A) Security

The obligations of the Issuer under the Bonds and the Trust Deed and of the Subsidiary Guarantor Pledgors under the Guarantee are secured (the “**Security**”) rateably and on a *pari passu* basis with the obligations of the Issuer under the Notes and the Indentures and of the Subsidiary Guarantor Pledgors under their respective Subsidiary Guarantees and the obligations of the Issuer and the Subsidiary Guarantor Pledgors under any Permitted *Pari Passu* Secured Indebtedness (as defined in Condition 4(C)) by the Collateral given by the Issuer and the Subsidiary Guarantor Pledgors under the Intercreditor Agreement and the Security Documents.

The Security over the Collateral is granted by the Issuer and the Subsidiary Guarantor Pledgors to the Common Security Trustee (for the benefit of the Trustee and the Bondholders) and is shared on a *pari passu* basis with the Notes Trustee (for the benefit of itself and the holders of Notes) and the holders of any Permitted *Pari Passu* Secured Indebtedness in accordance with the terms of the Intercreditor Agreement.

The Subsidiary Guarantor Pledgors as of the Issue Date are set out in schedule 5 to the Trust Deed.

The Issuer will procure that any Further Security (as defined in Condition 4(B)), granted by the Issuer or any Subsidiary Guarantor Pledgor pursuant to the Indentures after the Issue Date securing the obligations of the Issuer under the Notes and the Indentures or of a Subsidiary Guarantor Pledgor under its Subsidiary Guarantee, is also granted to the Common Security Trustee for the benefit of the Trustee and the Bondholders on a *pari passu* basis to secure the obligations of the Issuer under the Bonds and the Trust Deed and of such

Subsidiary Guarantor Pledgor under the Guarantee. Each Subsidiary Guarantor Pledgor that grants such Further Security after the Issue Date, upon the granting of the Further Security, will be a “**Subsidiary Guarantor Pledgor**”.

Subject to compliance with provisions of the Trust Deed, any Security created in respect of the Collateral shall be released upon the release, pursuant to the Indentures, of any *pari passu* security in respect of the same Collateral for the Notes.

Neither the Common Security Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Bonds, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, priority, sufficiency or protection of any of the Security, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realise upon or otherwise enforce any of the Security or Security Documents or any delay in doing so.

[COMMON SECURITY TRUSTEE] is acting as Common Security Trustee for the Bonds and the Notes and any Permitted *Pari Passu* Secured Indebtedness. The Common Security Trustee, acting in its capacity as such, shall have such duties with respect to the Collateral pledged, assigned or granted pursuant to the Security Documents as are set forth in the Intercreditor Agreement and the Security Documents. Under certain circumstances, the Common Security Trustee may have obligations under the Security Documents or the Intercreditor Agreement that are in conflict with the interests of the holders of the Bonds and/or the Notes and/or any Permitted *Pari Passu* Secured Indebtedness. The Common Security Trustee will not be under any obligation to exercise any rights or powers conferred under the Intercreditor Agreement or any of the Security Documents for the benefit of the holders of the Bonds or the Notes or any Permitted *Pari Passu* Secured Indebtedness, unless such holders have offered to the Common Security Trustee indemnity and/or security satisfactory to the Common Security Trustee against any loss, liability or expense.

In these Conditions:

“**Capital Stock**” has the same meaning given to it under the Indentures;

“**Collateral**” means all collateral securing or purported to be securing, directly or indirectly, the obligations of the Issuer under the Bonds, the Trust Deed, the Notes and the Indentures and of the Subsidiary Guarantor Pledgors under the Guarantee and their respective Subsidiary Guarantees on a *pari passu* basis pursuant to the Intercreditor Agreement and the Security Documents, and shall consist of the Capital Stock of the Subsidiary Guarantors;

“**Intercreditor Agreement**” means the amended and restated intercreditor agreement dated 21 July 2016, as amended or supplemented from time to time, among the Issuer, the Subsidiary Guarantor Pledgors, the Common Security Trustee and the other secured parties as named therein;

“**Security Documents**” means, collectively, the share charges and any other agreements or instrument that in each case may evidence or create any Security in favour of the Common Security Trustee for the benefit of the Trustee and the Bondholders in any or all of the Collateral; and

“**Subsidiary Guarantor Pledgor**” means each Subsidiary Guarantor Pledgor named herein and each other Subsidiary Guarantor which provides Collateral pursuant to the Trust Deed and the Intercreditor Agreement to secure the obligations of the Issuer under the Bonds and the Trust Deed; provided that Subsidiary Guarantor Pledgor will not include any person whose security under the Security Documents has been released in accordance with the Trust Deed, the Intercreditor Agreement and the Security Documents.

(B) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any Further Security, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness (except for any Further Security that is created pursuant to Condition 4(C)), without at the same time or prior thereto according to the Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as either (i) the Issuer determines in good faith to be not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions

(i) any reference to “**Further Security**” is to a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement having a similar economic effect; and

(ii) any reference to “**Relevant Indebtedness**” is to any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement).

(C) Permitted Pari Passu Secured Indebtedness

On or after the Issue Date, the Issuer and any of the Subsidiary Guarantor Pledgors may create Further Security on the Collateral *pari passu* with the Security to secure indebtedness of the Issuer (including in respect of any further Bonds issued under Condition 15) and of a Subsidiary Guarantor Pledgor in respect of any *Pari Passu* Subsidiary Guarantee (“**Permitted Pari Passu Secured Indebtedness**”); provided that (i) the holders of such indebtedness (or their representatives) become party to the Intercreditor Agreement, (ii) the agreement in respect of such indebtedness contains provisions with respect to releases of Collateral and such *Pari Passu* Subsidiary Guarantee substantially similar to and no more restrictive on the Issuer and such Subsidiary Guarantor Pledgor than the provisions of the Trust Deed and the Security Documents and (iii) the Issuer and such Subsidiary Guarantor Pledgor deliver to the Trustee and the Common Security Trustee an opinion of counsel and a certificate signed by two duly authorised officers of the Issuer with respect to corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents or otherwise satisfactory to the Trustee and the Common

Security Trustee; provided, further, that the Issuer shall apply 100% of the net proceeds of issuance of such Permitted *Pari Passu* Secured Indebtedness after the Issue Date towards the redemption on a *pari passu* and *pro rata* basis of the Bonds and any Permitted *Pari Passu* Secured Indebtedness existing as at the Issue Date (with payments *pro rata* based on the then principal amount then outstanding of the Bonds and such existing Permitted *Pari Passu* Secured Indebtedness). The Trustee and the Common Security Trustee are permitted and authorised, without notice to and the consent of any Bondholder, to enter into any amendments to the Security Documents, the Intercreditor Agreement or the Trust Deed and take any other action necessary to permit the creation and registration of Further Security on the Collateral to secure Permitted *Pari Passu* Secured Indebtedness in accordance with this Condition 4(C) (including, without limitation, the appointment of any collateral agent or common security trustee under the Intercreditor Agreement to hold the Collateral on behalf of the Bondholders and the holders of Permitted *Pari Passu* Secured Indebtedness).

For the purposes of this Condition 4(C):

“***Pari Passu* Subsidiary Guarantee**” means a guarantee by any Subsidiary Guarantor of indebtedness of the Issuer (including in respect of any further Bonds issued under Condition 15); provided that such guarantee ranks *pari passu* with the Subsidiary Guarantee of such Subsidiary Guarantor.

(D) *Future Subordinated Indebtedness or Equity*

On or after the Issue Date, any future indebtedness or equity (or any instrument that is a hybrid thereof) by the Issuer or its Subsidiaries that is or is expressed by its terms to be subordinated in right of payment to the Bonds (“**Subordinated Obligations**”) shall be expressed to be perpetual or shall have a maturity date that falls after 31 December 2021 and shall not be, or by its terms be capable of being, redeemed prior to the full redemption of the Bonds. In addition, the Issuer shall no longer be entitled to elect PIK Interest in accordance with Condition 5 after issuance of such Subordinated Obligations. The Trustee and the Agents shall be entitled to assume conclusively that PIK Interest is permitted unless and until they have express written notice to the contrary.

5. Interest

(A) *Accrual of Interest*

The Bonds bear interest from and including the Issue Date, payable semi-annually in arrear on 30 June and 31 December, commencing on 31 December 2016 (such dates, the “**Interest Payment Dates**”), at the rates specified as follows:¹¹

- (i) [during the period from (and including) the Issue Date to (and excluding) 1 January 2017, [5.56] per cent. per annum, such interest to be capitalised and added to the then current outstanding principal amount of the Bonds (such interest, “**PIK Interest**”), unless the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15

11 Delete paragraphs (i) to (v) to the extent applicable where the Issue Date of the Bonds fall after the end of the period set out in the relevant paragraph.

days prior to the relevant Interest Payment Date to pay such interest in cash;

- (ii) during the one-year period from (and including) 1 January 2017 to (and excluding) 1 January 2018, (x) [6.56] per cent. per annum, with [1.00] per cent. of such interest to be paid in cash and [5.56] per cent. of such interest to be PIK Interest, or (y) [4.61] per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay all interest in cash;
- (iii) during the six-month period from (and including) 1 January 2018 to (and excluding) 1 July 2018, (x) [6.56] per cent. per annum, with [2.00] per cent. of such interest to be paid in cash and [4.56] per cent. of such interest to be PIK Interest, or (y) [5.61] per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay all interest in cash;
- (iv) during the six-month period from (and including) 1 July 2018 to (and excluding) 1 January 2019, (x) [6.56] per cent. per annum, with [4.00] per cent. of such interest to be paid in cash and [2.56] per cent. of such interest to be PIK Interest, or (y) [6.61] per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) not less than 15 days prior to the relevant Interest Payment Date to pay all interest in cash;
- (v) thereafter to (and excluding) the Original Maturity Date (as defined in Condition 8(A)), [6.56] per cent. per annum, with [6.00] per cent. to be paid in cash and [0.56] per cent. to be PIK Interest; and
- (vi) from (and including) the Original Maturity Date to (and excluding) the Extended Maturity Date (as defined in Condition 8(A)), [10] per cent. per annum, such interest to be paid in cash only, if the Issuer elects (by giving notice in writing to the Trustee, the Agents and the holders of the Bonds in accordance with Condition 16) to extend the Original Maturity Date pursuant to Condition 8(A).]¹²

Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as

12 If the Issue Date is not an Interest Payment Date under the Mandatorily Exchangeable Bonds, then the interest rate for the first interest period under the Bonds shall be calculated on the basis that the interest period started on the previous Interest Payment Date under the Mandatorily Exchangeable Bonds, so that any accrued but unpaid PIK interest or cash interest on the Mandatorily Exchangeable Bonds on the date of exchange will be paid on the first Interest Payment Date under the Bonds.

defined below) (or if such Conversion Date falls on or before the first Interest Payment Date, the Issue Date) subject to conversion of the relevant Bond in accordance with the provisions of Condition 6(B), or (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused or default is otherwise made in respect of any such payment.

Subject always to Condition 7(F), in such event, interest will continue to accrue on the principal amount of Bonds in respect of which payment is improperly withheld or default otherwise occurs, at the rate aforesaid (after as well as before any judgment) up to but excluding whichever is the earlier of (a) the date on which all sums due in respect of any Bond are received by or on behalf of the relevant holder and (b) the day which is seven days after the Principal Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is a subsequent default in payment). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year of twelve 30-day months and, in the case of an incomplete month, the number of days elapsed. Subject only as provided in Condition 5 below, interest payable under this Condition will be paid in accordance with Condition 7. If an Interest Payment Date is not a business day, the Interest Payment Date will be the next following business day and no interest shall accrue during the intervening period on account of such delay.

(B) PIK Interest

Subject to Condition 4(D), the Issuer may elect to pay PIK Interest in lieu of cash pursuant to Condition 5(A) above; provided that, in respect of any Interest Payment Date falling during such period as provided in Condition 5(A) above, the Issuer shall elect (by giving notice to the Trustee, the Principal Agent, the Registrar and the Bondholders in accordance with Condition 16 (*Notices*) not less than 15 days prior to the relevant Interest Payment Date (as defined in Condition 7(B)) to pay the relevant amount of PIK Interest in cash (if any) in the manner contemplated and provided for in Condition 7 (*Payments*). Until the Future PIK Listing Approval has been granted by the Hong Kong Stock Exchange, the Issuer shall have no right to elect PIK Interest pursuant to Condition 5(A) or Condition 5(B).

6. Conversion

(A) Conversion Right

- (i) *Conversion Period*: Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is referred to in these Conditions as the “**Conversion Right**”. Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the receipt of the Listing Approvals, up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the tenth day prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(iv), in no event thereafter) or, if such Bond shall have

been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 10 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(E) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”). In this Condition, “**Maturity Date**” means the Original Maturity Date (as defined in Condition 8(A)) or, if the Issuer elects in accordance with Condition 8A, the Extended Maturity Date (as defined in Condition 8(A)).

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of shareholders of the Issuer is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a “**Book Closure Period**”), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Condition 6(B)) following the expiry of such Book Closure Period.

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

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted translated into Hong Kong dollars at the fixed rate of USD1.00 = HKD[•] by the Conversion Price in effect at the Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

- (ii) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate

deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds US\$10.00. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date by means of a United States dollar denominated cheque drawn on, or by a transfer to a United States dollar account maintained by the payee with, a bank in New York City, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will be HK\$[2.34]13 per Share.
- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (v) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means ordinary shares of par value HK\$0.10 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

13 Subject to adjustment by reference to any events which would have caused the conversion price to be adjusted had the Bonds been issued on the issue date of the Mandatorily Exchangeable Bonds.

(B) Conversion Procedure

- (i) *Conversion Notice:* To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in duplicate and in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been so paid or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(E) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(iv) and Condition 10) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice to the Conversion Agent and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice deposited outside the hours specified above or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the hours specified above on the next business day. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal. “**Stock Exchange Business Day**” means any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange (as defined in the Conditions below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.:* A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion) (the “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection

with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder must declare in the relevant Conversion Notice that any taxes payable to the relevant tax authorities pursuant to this Condition 6(B)(ii) have been paid. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder is liable to pay or has paid any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii) and shall not be liable for any failure by a Bondholder or the Issuer to make any such payment to the relevant authorities or determine the sufficiency or insufficiency of any amount so paid.

- (iii) *Registration:* As soon as practical but in any event within five Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice and the relevant Certificate have been delivered and amounts payable by the relevant Bondholder as required by sub-paragraphs (i) and (ii) have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register in Hong Kong and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion of the Bonds and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting

Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date. Upon delivery of Shares in satisfaction of the Conversion Right of any converting Bondholder and the completion of such registration in accordance with this Condition 6(B)(iii), the right of the converting Bondholder to any repayment of principal, premium or interest in respect of the Bonds so converted shall be extinguished.

If the record date for the payment of any dividend or other distribution in respect of the Shares falls on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this subparagraph (iii) prior to the time such retroactive adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee the US Dollar Equivalent of an amount in Hong Kong dollars (the "**Equivalent Amount**") equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a United States dollar denominated cheque, or by transfer to a United States dollar account maintained by the payee, in accordance with instructions given by the relevant Conversion Notice.

The Issuer is not obliged to issue Shares in satisfaction of the Conversion Rights in breach of its obligations under the Listing Rules of the Hong Kong Stock Exchange.

- (iv) *Interest Accrual*: If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) during the period beginning on the fifteenth day prior to the record date in respect of any dividend or distribution payable in respect of the Shares and

ending on the Interest Payment Date immediately following such record date, where such notice specifies a date for redemption falling on or prior to the date which is 14 days after such immediately following Interest Payment Date, interest shall (subject as hereinafter provided) accrue on the Bonds where Certificates have been delivered for conversion and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date immediately following such record date, from the preceding Interest Payment Date (or, if the relevant Conversion Date falls on or before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, the relevant Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by a United States dollar denominated cheque drawn on, or by transfer to a United States dollar account maintained by the payee with, a bank in New York City, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(C) *Adjustments to Conversion Price*

The Conversion Price will be subject to adjustment as follows:

- (i) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

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

where:

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

and

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

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of

capitalisation of profits or reserves (including any share premium account) including, Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

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

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

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of such Shares multiplied by the number of such Shares to be issued, exceeds the Relevant Cash Dividend or the relevant part thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

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

where:

- A is the aggregate nominal amount of the Shares in issue immediately before such Scrip Dividend;
- B is the aggregate nominal amount of the Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of the Shares to be issued pursuant to such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall determine to be fair and reasonable.

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

- (iii) *Capital Distributions*: If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders, the Conversion Price shall be adjusted (except to the extent that the Conversion Price falls to be adjusted pursuant to Condition 6(C)(2) above) by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

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

where:

- A is the Current Market Price of one Share on the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

- (iv) *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and

for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such Current Market Price per Share; and

- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

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

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

where:

- A is the Current Market Price of one Share on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange.

- (vi) (6) *Issues at less than Current Market Price*: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) wholly for cash any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) wholly for cash options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of

announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares or would purchase at such Current Market Price; and
- C is the number of Shares to be issued pursuant to such issue of Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue or grant of such options, warrants or rights.

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

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (vii) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue wholly for cash any securities (other than the Bonds excluding for this purpose any further bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

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

- (viii) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

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

Where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate

(if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

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

- (ix) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

- A is the Current Market Price of one Share on the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

- (x) *Other Events:* If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and (if applicable) the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition

6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

For the purposes of these Conditions:

“Capital Distribution” means (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves, but excludes a Scrip Dividend adjusted for under Condition 6(C)(2)(ii)); and (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described).

In making any such calculation, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Shares.

“Closing Price” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“Current Market Price” means, in respect of a Share at a particular date, the arithmetic average of the Closing Prices for one Share (being a Share carrying a full entitlement to dividends) for the 10 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 10 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the amount equal to the Fair Market Value of that dividend per Share;

and provided further that if the Shares on each of the said 10 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

“Fair Market Value” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other

right as determined by an Independent Investment Bank provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected by the Issuer. If the Issuer fails to select an Independent Investment Bank when required by these Conditions, the Bondholders may by way of an ordinary resolution of Bondholders select the Independent Investment Bank.

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

“Relevant Stock Exchange” means at any time, in respect of the Shares, the Hong Kong Stock Exchange or the Alternative Stock Exchange.

“Scrip Dividend” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt, no adjustment is to be made under Condition 6(C)(3) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or the relevant part thereof but without prejudice to any adjustment required in such circumstances to be made under Condition 6(C)(2)(ii).

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders, the Trustee and the Agents in accordance with Condition 16 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands.

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

No adjustment will be made to the Conversion Price where Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Issuer or any Subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the listing rules of the Hong Kong Stock Exchange or, if applicable, those of an Alternative Stock Exchange).

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above or where there has been a proven manifest error in the calculation of the Conversion Price.

No adjustment will be made to the Conversion Price where Shares are issued, offered or granted to settle any CVRs (as defined in Condition 10) in lieu of cash.

Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to perform any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by them to do so.

(D) Undertakings

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, it is not materially prejudicial to the interests of Bondholders to give such approval:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to obtain or maintain such listing or if the maintenance of such listing is unduly onerous, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine and will forthwith give notice to the Bondholders, the Trustee and the Agents in accordance with Condition 16 below of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds (save for any Taxes specified in Condition 6(B)(ii));

- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made), provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law; and
- (iv) it will use its best endeavours to maintain the listing of the Bonds on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and if the Issuer is unable to maintain such listing or if the maintenance of such listing is unduly onerous, to use its best endeavours to obtain and maintain a listing on another internationally recognised stock exchange and will forthwith give notice to the Bondholders, the Trustee and the Agents in accordance with Condition 16 below of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Issuer has also undertaken that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer.

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

(E) Notice of Change in Conversion Price

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

For the avoidance of doubt, nothing in this Condition 6 shall oblige the Issuer to disclose any information which is not public information to the Bondholders or where it is not legally permissible to disclose such information.

7. **Payments**

(A) *US Dollar Settlement*

Subject only as provided in Condition 5, all amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Trust Deed from or against the Issuer shall be payable and settled in US dollars only in immediately available and cleared funds.

(B) *Method of Payment*

Payment of principal, premium (if any) and interest due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or by United States dollar denominated cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will (subject only as provided in Condition 5) be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the seventh day (whether or not such day is a Business Day) before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by United States dollar denominated cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account.

*Whilst the Bonds are evidenced by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive except 25 December and 1 January).*

(C) *Registered Accounts*

For the purposes of this Condition, a Bondholder’s registered account means the United States dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

(D) *Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(E) *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the

holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(F) *Delay In Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(G) *Business Day*

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

(H) *Partial Payment*

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. *Redemption, Purchase and Cancellation*

(A) *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount together with unpaid accrued interest thereon on 31 December 2019 (the “**Original Maturity Date**”), provided that the Issuer may elect (by giving written notice to the Trustee, the Principal Agent, the Registrar and the Bondholders in accordance with Condition 16 (*Notices*) not less than five business days prior to the record date relating to the Original Maturity Date) to redeem each Bond at its principal amount together with unpaid accrued interest thereon on 31 December 2020 (the “**Extended Maturity Date**”). Interest will be paid on Original Maturity Date and each Interest Payment Date thereafter until the Extended Maturity Date. The Issuer may not redeem the Bonds at its option prior to the Original Maturity Date except as provided in Condition 8(B) or 8(C) below (but without prejudice to Condition 10).

(B) *Redemption for Taxation Reasons*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders (with a copy to the Trustee and the Agents) in accordance with Condition 16 (which notice shall be irrevocable) at their principal amount together with interest accrued to the date fixed for redemption (the “**Tax Redemption Date**”), if (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue

Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Agents (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee and the Agents shall be entitled to accept and rely on such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders. Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds at their principal amount together with interest accrued to the date fixed for redemption.

(C) *Redemption at the Option of the Issuer*

- (i) On giving not less than 30 nor more than 90 days' notice to the Bondholders, the Agents and the Trustee (which notice will be irrevocable), the Issuer may at any time after 20 December 2013 redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount, together with interest accrued to the date fixed for redemption, provided that the closing price of the Shares (as derived from the Daily Quotations Sheet of the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange) for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Conversion Price then in effect.

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 Trading Day period as is mentioned in this Condition 8(C)(i), appropriate adjustments for the relevant days shall be made, as determined by an Independent Investment Bank, for the purpose of calculating the closing price for such days.

- (ii) On giving not less than 30 nor more than 60 days' notice to the Bondholders, the Agents and the Trustee (which notice will be irrevocable), the Issuer may at any time redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

(D) *[Deleted]*

(E) *Redemption for Delisting or Change of Control*

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all, but not

some only, of such holder's Bonds on the Relevant Event Redemption Date at a price equal to their principal amount together with interest accrued to the date fixed for redemption. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent ("**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders, the Trustee and the Agents in accordance with Condition 16 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) and shall give brief details of the Relevant Event.

Neither the Trustee nor the Agents shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur.

A "**Relevant Event**" occurs:

- (i) when the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange after lifting of the suspension of trading of the Shares existing as of the Issue Date; or
- (ii) when there is a Change of Control.

For the purposes of this Condition 8(E):

"**Control**" means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

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

- (i) any Person or Persons acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date;
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the assets of the Issuer to any other Person, unless the consolidation, merger, sale or transfer will not result in the other

Person or Persons acquiring Control over the Issuer or the successor entity; or

- (iii) one or more Persons (other than any Person referred to in subparagraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Issuer.

“**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include members of the board of directors of the Issuer (or their respective heirs, executors or assigns) or any other governing board and does not include the wholly-owned direct or indirect Subsidiaries of the Issuer.

(F) Bondholders’ Tax Option

If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of the relevant Cayman Islands and Hong Kong taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8(F), the relevant Bondholder must deposit a duly completed and signed notice of exercise in the form for the time being currently obtainable from the specified office of any Paying Agent (a “**Bondholder’s Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date at the specified office of any Paying Agent.

(G) Purchase

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(H) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(I) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the interest accrued to the date fixed for redemption, (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the

Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable hereunder.

The Issuer shall provide written notice to the Trustee and the Agents before 12.00 noon (local time of the Trustee or the Agents, whichever is the earlier) one Business Day prior to the date of publication of any notice of redemption given to the Bondholders pursuant to this Condition.

9. Taxation

All payments made by the Issuer or, as the case may be, any Subsidiary Guarantor or Subsidiary Guarantor Pledgor under or in respect of the Bonds, the Guarantee, the Intercreditor Agreement, the Security Documents, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Cayman Islands, Hong Kong, the People's Republic of China (the "**PRC**") or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer or, as the case may be, the Subsidiary Guarantor or the Subsidiary Guarantor Pledgor will pay such additional amounts (the "**Additional Tax Amounts**") as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection:* to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands, Hong Kong or the PRC (as the case may be) otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so following a timely request by the Issuer;
- (ii) *Presentation more than 30 days after the relevant date:* if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days;
- (iii) *Payment to individuals:*
 - (A) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (B) to a holder who would not be liable for or subject to such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority; or
- (iv) *Payment by another Paying Agent*: to a holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union.

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

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

10. Events of Default

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in either case to being indemnified and/or secured by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount together with accrued and unpaid interest (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if a Responsible Officer of the Trustee has been notified in writing of any of the following has occurred and is continuing:

- (i) *Non-Payment of Principal or Premium*: a default in the payment of principal of (or premium, if any, on) the Bonds when the same becomes due and payable at maturity or extended maturity, upon acceleration, redemption or otherwise;
- (ii) *Non-Payment of Interest*: a default in the payment of interest on any Bond when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (iii) *Failure to Pay under the CVRs*: failure by the Issuer to make any payment (in cash or Shares) by the CVR Settlement Date following a CVR Triggering Event pursuant to the terms of the CVRs (as defined in Condition 10);

- (iv) ***Failure to deliver Shares***: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds;
- (v) ***Breach of Other Obligations***: the Issuer or, as the case may be, any Subsidiary Guarantor does not perform or comply with one or more of its other obligations in the Bonds, the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 30 consecutive days after written notice of such default shall have been given to the Issuer by the Trustee or the Holders (with a copy to the Trustee if given by the Holders);
- (vi) ***Cross-Default***: there occurs with respect to any indebtedness of the Issuer or its Subsidiaries (other than a Subordinated Shareholder Loan) having an outstanding principal amount of US\$20.0 million (or the US Dollar Equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness existing as at the Issue Date or shall thereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) a failure to make a principal payment when due;
- (vii) ***Final Judgments or Orders***: one or more final judgments or orders for the payment of money are rendered against the Issuer or any of its Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$20.0 million (or the US Dollar Equivalent thereof) (in excess of amounts which the Issuer's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (viii) ***Insolvency***: an involuntary case or other proceeding is commenced against the Issuer or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary or for any substantial part of the property or assets of the Issuer or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days, or an order for relief is entered against the Issuer or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar laws now or hereafter in effect;
- (ix) ***Winding-up or General Assignment***: the Issuer or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking

possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary, or for all or substantially all of the property and assets of the Issuer or any Significant Subsidiary, or (c) effects any general assignment for the benefit of creditors;

- (x) ***Disaffirmation or Unenforceability of Guarantee***: any Subsidiary Guarantor denies or disaffirms its obligations under the Guarantee or, except as permitted by the Trust Deed, the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect;
- (xi) ***Default under Security Documents***: any default by the Issuer or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents or the Trust Deed, which adversely affects the enforceability, validity, perfection or priority of the applicable Security on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect;
- (xii) ***Disaffirmation or Unenforceability of Security***: the Issuer or any Subsidiary Guarantor Pledgor disaffirms its obligations under any Security Document or, other than in accordance with the Trust Deed and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Common Security Trustee ceases to have a security interest in the Collateral (subject to any security interest permitted under the Trust Deed and the Intercreditor Agreement for the benefit of the Trustee and the Bondholders);
- (xiii) ***Provision of 2014 Financial Statements***: failure by the Issuer to file with the Hong Kong Stock Exchange copies of its financial statements (on a consolidated basis) in respect of the fiscal year ended 31 December 2014 (including a statement of income, balance sheet and cash flow statement) audited by a member of an internationally recognized firm of independent accountants on or before 31 December 2016 and such failure is not cured by 31 March 2017;
- (xiv) ***Suspension from trading***: suspension of the trading of the Issuer's ordinary shares on The Stock Exchange of Hong Kong Limited or Alternative Stock Exchange on which the Issuer's ordinary shares are at any time listed for trading after resumption of trading of such shares which are suspended as of the Notes Exchange Date, and such suspension continues for more than 30 consecutive Trading Days; and
- (xv) ***Listing of Shares***: the Issuer fails to obtain a listing for all the Shares which may be issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, or an Alternative Stock Exchange as the Issuer may from time to time determine, within 60 days of the resumption of trading of the Shares which are suspended as of the Issue Date,

provided that, in the case of any such event other than those described in paragraphs (i), (ii), (iii), (iv), (vi), and in relation to the Issuer only, (viii) and (ix), the Trustee shall have certified in writing to the Issuer that such event is in its opinion materially prejudicial to the interest of Bondholders.

The Trustee shall not be deemed to have notice of any Event of Default unless a Responsible Officer of the Trustee has received written notice thereof or unless the holders of not less than 25 per cent. in aggregate of the outstanding Bonds give written notice of any such Event of Default or default to the Trustee at its agency and trust office. For the purposes of this paragraph, “**Responsible Officer**” shall mean any officer of the Trustee having direct responsibility for the administration of the Trust Deed, or to whom corporate trust matters are referred because of that officer’s knowledge of and familiarity with the particular subject.

Notwithstanding the foregoing, the capitalisation of any amount of PIK Interest in accordance with Condition 5 shall not constitute an Event of Default. In addition, any Event of Default existing on the Notes Exchange Date arising out of or related to a default, event of default or acceleration of Indebtedness under or failure to pay principal of, or interest or premium on, any Indebtedness of the Company’s Subsidiaries that are incorporated in the PRC owed by such Subsidiaries to various financial institutions domiciled in the PRC (“**Onshore Debt**”), shall be deemed waived by all Holders, if, with respect to not less than 85% in aggregate principal amount of such Onshore Debt, as of the Notes Exchange Date, either (i) such Onshore Debt is subject to binding documentation providing for its (A) restructuring or (B) refinancing or (ii) no default or event of default exists under such Onshore Debt, or will occur as a result of the transactions contemplated by the Schemes of Arrangement, and there are no events or circumstances (and no events or circumstances will arise as a result of the transactions contemplated by the Schemes of Arrangement) that would cause a default or event of default to occur under such Onshore Debt with or without the giving of notice or passage of time, or both. The Company shall deliver an officers’ certificate to the Trustee on the Notes Exchange Date confirming the foregoing provision has been met. For the avoidance of doubt, the waiver referred to in this paragraph shall not apply to any Event of Default that occurs after the Notes Exchange Date in respect of (I) any Onshore Debt or (II) any additional Indebtedness incurred after the Notes Exchange Date by the Company’s Subsidiaries that are incorporated in the PRC.

For the purposes of this Condition 10:

“**CVRs**” means the contingent value rights issued by the Issuer on the Notes Exchange Date, after the Schemes of Arrangement have been sanctioned.

“**CVR Settlement Date**” has the same meaning ascribed to it in the CVRs;

“**CVR Triggering Event**” has the same meaning ascribed to it in the CVRs;

“**Significant Subsidiary**” has the meaning ascribed to it in the Indentures; and

“**Subordinated Shareholder Loan**” has the meaning ascribed to it in the Indentures.

11. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the relevant date (as defined in Condition 9) in respect thereof.

12. Enforcement

At any time after the Bonds have become due and repayable as a result of an Event of Default or acceleration, the Trustee may, at its sole discretion and without further notice, take such proceedings against the Issuer, the Subsidiary Guarantors and/or the Subsidiary Guarantor Pledgors as it may think fit (including directing the Common Security Trustee to take any action in relation thereto) to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, the Intercreditor Agreement and the Security Documents (save that the Security may only be enforced in accordance with the provisions of the Intercreditor Agreement and the Security Documents), but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer, the Subsidiary Guarantors and/or the Subsidiary Guarantor Pledgors unless the Trustee, having become bound to do so, fails to do so within 60 days after a written request by 25% of the Bondholders or the date of the Extraordinary Resolution, and such failure shall be continuing.

13. Meetings of Bondholders, Modification, Waiver and Substitution

Subject to the requirements of the Trust Indenture Act (which shall prevail over any conflicting or contrary provisions in this Condition 13):

(A) Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to modify the due date for any payment in respect of the Bonds;
- (ii) to reduce or cancel the amount of principal or interest or Equivalent Amount payable in respect of the Bonds or changing the method of calculation of the Equivalent Amount;
- (iii) to change the currency of payment of the Bonds;
- (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price by the Issuer) or cancel the Conversion Rights;

- (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing; or
- (vi) to amend the foregoing list of proposals,

in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing in the aggregate not less than 66 per cent., or at any adjourned such meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(B) Amendments without consent of Bondholders:

The Issuer, the Subsidiary Guarantors, the Trustee and the Common Security Trustee may amend or supplement the Trust Deed, the Intercreditor Agreement or any Security Document without notice to or the consent of any Bondholder, to:

- (i) cure any ambiguity, defect, omission or inconsistency in the Trust Deed, the Bonds, the Intercreditor Agreement or any Security Document, or to make any changes or modifications of the Trust Deed necessary in connection with the qualification of the Trust Deed under the U.S. Trust Indenture Act of 1939;
- (ii) comply with the provisions in clause 8 of the Trust Deed;
- (iii) evidence and provide for the acceptance of an appointment by a successor Trustee or Common Security Trustee (as the case may be) under the Trust Deed;
- (iv) add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by these Conditions;
- (v) add any Subsidiary Guarantor Pledgor or release any Subsidiary Guarantor Pledgor as provided or permitted by the terms of the Trust Deed;
- (vi) add additional Collateral to secure the Bonds or any Subsidiary Guarantee and create and register liens on such additional Collateral;
- (vii) in any other case where a deed supplemental to the Trust Deed is required or permitted to be entered into pursuant to the provisions of the Trust Deed without the consent of any Bondholder;
- (viii) effect any changes to the Trust Deed in a manner necessary to comply with the applicable procedures of Euroclear and Clearstream;

- (ix) permit Permitted *Pari Passu* Secured Indebtedness in accordance with the terms of the Trust Deed (including, without limitation, permitting the Trustee to enter into the Intercreditor Agreement or any amendments to the Security Documents or the Trust Deed, the appointment of any common security trustee or collateral agent under any Intercreditor Agreement to hold the Collateral on behalf of the Bondholders and the holders of Permitted *Pari Passu* Secured Indebtedness and taking any other action necessary to permit the creation and registration of liens on the Collateral to secure Permitted *Pari Passu* Secured Indebtedness in accordance with the Trust Deed); or
- (x) make any other change that, in the good faith opinion of the board of directors of the Issuer, does not materially and adversely affect the rights of any Bondholder.

(C) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 13(A) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement, the Trust Deed, the Intercreditor Agreement or the Security Documents which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement, the Trust Deed, the Intercreditor Agreement or the Security Documents which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

(D) *Interests of Bondholders*

In connection with the exercise of their functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(E) *Certificates/Reports*

Any certificate or report of any expert or other person called for by or provided to the Trustee or the Common Security Trustee (whether or not addressed to the Trustee or the Common Security Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee and/or the Common Security Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee or the Common Security Trustee and/or

the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A) or a modification, waiver or authorisation in accordance with Condition 13(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 16.

14. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds. Such further Bonds may be constituted by a deed supplemental to the Trust Deed.

16. Notices

All notices to Bondholders shall be validly given if sent to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*) and so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in a daily newspaper with general circulation in Singapore (which is expected to be *The Business Times*). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the seventh day after being so sent, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System in accordance with Applicable Procedures, for communication by it to entitled account holders in substitution for notification as required by these Conditions.

In these Conditions, “**Applicable Procedures**” means, with respect to any payment, tender, redemption, transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository that apply to such payment, tender, redemption, transfer or exchange; and “**Depository**” has the meaning given to “Common Depository” under the Indentures.

17. Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement

Registrar. The Issuer will at all times maintain (a) a Principal Agent, (b) as necessary, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Directive 2003/48/EC or any other European Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform, to such Directive, (c) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require and (d) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and the Trustee and in any event not less than 30 days' notice will be given.

18. Currency Indemnity

(A) *Currency of Account and Payment*

US dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer or any Subsidiary Guarantor under or in connection with the Bonds and the Trust Deed, including damages.

(B) *Extent of Discharge*

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or any Subsidiary Guarantor or otherwise), by the Trustee, the Common Security Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer or any Subsidiary Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

(C) *Indemnity*

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds or the Trust Deed, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.

(D) *Indemnity Separate*

The indemnity in this Condition 18 constitutes a separate and independent obligation from the other obligations under the Bonds and the Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee, the Common Security Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds and/or the Trust Deed or any other judgment or order.

19. Indemnification of the Trustee and the Common Security Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and the Common Security Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. Each of the Trustee and the Common Security Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

20. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for.

21. Governing Law and Submission to Jurisdiction

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England and Wales. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the non-exclusive jurisdiction of the courts of England and Wales and in relation thereto has appointed NCR National Corporate Research (UK) Limited of 1st Floor, 6 Bevis Marks, London EC3A 7BA, United Kingdom as its agent for service of process in England and Wales. The Issuer will provide prompt written notice to the Trustee and the Agents of any termination and appointment of an agent for service of process.

APPENDIX D
THE CVR AGREEMENT

KAISA GROUP HOLDINGS LTD.

and

U.S. BANK NATIONAL ASSOCIATION
as CVR TRUSTEE

Contingent Value Rights Agreement

Dated as of July 21, 2016

232,621 Contingent Value Rights

CROSS-REFERENCE TABLE

<u>Trust Indenture Act Section</u>	<u>Agreement Section</u>
310(a)(1)	4.9
(a)(2)	4.9
(a)(3)	N/A
(a)(4)	N/A
(a)(5)	4.9
(b)	4.8, 4.10(a), 4.10(d)9.3
311(a)	4.13
(b)	4.13
312(a)	5.1, 5.2(a)
(b)	5.2(b)
(c)	5.2(c), 9.3
313	9.3
313(a)	5.3(a)
(b)(2)	5.3(a)
(c)	4.8(b), 5.3(a), 8.12
(d)	5.3(b)
314(a)	5.4
(b)	N/A
(c)(1)	1.2(a)
(c)(2)	1.2(a)
(c)(3)	N/A
(d)	N/A
(e)	1.2(b)
315(a)	4.2(a), 4.2(b)
(b)	8.12,9.3
(c)	4.2(a)
(d)	4.2(c)
(e)	8.13
316(a) (last sentence)	1.1 (Definition of “outstanding”)
316(a)(1)(A)	8.10(a)
(a)(1)(B)	8.10(a)
(a)(2)	N/A
(b)	8.8, 9.4(b)
(c)	9.4(g)
317(a)(1)	8.3
(a)(2)	8.3(a)
(b)	7.2(c)
318(a)	1.4(b)

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THIS CONTINGENT VALUE RIGHTS AGREEMENT (this “Agreement”) is dated as of July 21, 2016 between Kaisa Group Holdings Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “Company”), and U.S. Bank National Association as the CVR Trustee (the “CVR Trustee”).

RECITALS

WHEREAS, the Company has filed the Schemes of Arrangement (as defined below);

WHEREAS, on 18 May, 2016, the Schemes of Arrangement were sanctioned;

WHEREAS, pursuant to the Schemes of Arrangement sanctioned by the court and subject to the terms and conditions of this Agreement, the Company is allocating to electing holders of Existing HY Notes (as defined below) and Existing Convertible Bonds (as defined below), that have elected to receive New HY Notes (as defined below), contingent value rights (the “CVRs” and individually a “CVR”) representing the contingent right to receive, on the terms and subject to the conditions set forth herein, payment in cash, or, at the election of the Company, in Common Shares (as defined below) *in lieu* of cash, in the aggregate amount of 7.00% of the aggregate principal amount of the New HY Notes upon occurrence of any CVR Triggering Event (as defined below); and

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the CVR Trustee hereby agree, for the benefit of all Holders, as follows:

ARTICLE I

DEFINITIONS AND CERTAIN OTHER PROVISIONS OF GENERAL APPLICATION

1.1 Defined Terms. As used in this Agreement, the following capitalized terms shall have the following respective meanings:

“2016 Notes” means the RMB-denominated 6.875% Senior Notes due 2016 issued by the Company.

“2017 Notes” means the 12.875% Senior Notes due 2017 issued by the Company.

“2018 Notes” means the 8.875% Senior Notes due 2018 issued by the Company.

“2019 Notes” means the 9.00% Senior Notes due 2019 issued by the Company.

“2020 Notes” means the 10.25% Senior Notes due 2020 issued by the Company.

“30-day VWAP” means the volume weighted average price of the Common Shares for any consecutive 30-Trading-Day period during which the Common Shares are actively traded as displayed under the heading “VWAP” on Bloomberg page 1638.HK<equity>.

“Affiliate” of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“this Agreement” has the meaning specified in the preamble above.

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

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global CVR, the rules and procedures of Euroclear and/or Clearstream that apply to such transfer or exchange.

“Board Resolution” means a copy of a resolution certified by the Chairman of the Board of Directors, the Chief Executive Officer of the Company or the Secretary to the Board of Directors, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the CVR Trustee.

“Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Beijing, Hong Kong, London and New York City.

“Calculation Date” means the date that is five (5) Business Days prior to the Settlement Date.

“Capital Distribution” means (i) any distribution of assets in specie by the Company for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Common Shares or other securities credited as fully or partly paid (other than Common Shares credited as fully paid) by way of capitalization of reserves, but excludes a Scrip Dividend (other than the cash amount of any Scrip Dividend)); and (ii) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Company for any financial period (whenever paid and however described). In making any such calculation, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Common Shares, (b) issues of Common Shares by way of capitalization of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Common Shares.

“Clearstream” means Clearstream Banking S.A.

“Closing Price” for the Common Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Depository” means Citibank Europe plc acting as common depository for Euroclear and Clearstream.

“Common Shares” means the ordinary shares of the Company which are, as of the date of this Agreement, listed on the Hong Kong Stock Exchange.

“Company” means the person specified in the first paragraph of this Agreement, its successors, heirs and assigns.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by the Chairman of the Board of Directors, the Chief Executive Officer, a president or any vice president, or any other person duly authorized to act on behalf of the Company for such purpose or for any general purpose, and delivered to the CVR Trustee.

“Corporate Trust Office” means the office of the CVR Trustee at which at any particular time its corporate trust business may be administered, which office at the date of execution of this Agreement is located at New York City.

“CVR” has the meaning specified in the recitals to this Agreement.

“CVR Agent” refers to each of the CVR Paying Agent, CVR Authenticating Agent, Common Depository and CVR Registrar, individually, as the context requires.

“CVR Agents” refers, collectively, to each of the CVR Paying Agent, CVR Authenticating Agent, Common Depository and CVR Registrar.

“CVR Agent Appointment Letter” means that CVR Agent Appointment Letter to be entered into between the Company and Citibank, N.A., London Branch, and acknowledged by the CVR Trustee in substantially the form as set forth in Exhibit B hereto.

“CVR Authenticating Agent” means, initially, Citibank, N.A., London Branch as appointed pursuant to the CVR Agent Appointment Letter and its successors, heirs and assigns.

“CVR Paying Agent” means, initially, Citibank, N.A., London Branch, as appointed pursuant to the CVR Agent Appointment Letter, and its successors, heirs and assigns.

“CVR Register” has the meaning specified in Section 2.4(a) of this Agreement.

“CVR Registrar” means, initially, Citigroup Global Markets Deutschland AG, as appointed pursuant to the CVR Agent Appointment Letter, and its successors, heirs and assigns.

“CVR Triggering Event” has the meaning specified in Section 3.1 of this Agreement.

“CVR Trustee” means the person specified the first paragraph of this Agreement until a successor CVR Trustee shall have become such pursuant to the applicable provisions of this Agreement, and thereafter “CVR Trustee” shall refer to such successor CVR Trustee.

“Direct Registration CVRs” means CVRs, the ownership of which is recorded on the Direct Registration System. The terms “authenticate,” “deliver,” “execute,” “issue,” “register,” “surrender,” “transfer” or “cancel,” when used with respect to Direct Registration CVRs, shall refer to an entry or entries or an electronic transfer or transfers in the Direct Registration System.

“Direct Registration System” means the system for the uncertificated registration of ownership of the CVRs established by the CVR Registrar and utilized by the CVR Registrar pursuant to which the CVR Registrar may record the ownership of the CVRs without the issuance of any certificate, which ownership shall be evidenced by periodic statements issued by the CVR Registrar to the Holders entitled thereto.

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Exchange Date” means the date on which the New HY Notes are originally issued, after the Schemes of Arrangement have been sanctioned.

“Existing Convertible Bonds” means the RMB-denominated U.S. dollar-settled 8% convertible bonds due 2015 issued by the Company.

“Existing HY Notes” means the 2016 Notes, the 2017 Notes, the 2018 Notes, the 2019 Notes and the 2020 Notes.

“Fair Market Value” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank; *provided* that (i) the fair market value of a cash dividend paid or to be paid per Common Share shall be the amount of such cash dividend per Common Share determined as at the date of announcement of such dividend, (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

“Fundamental Change” means any of the following:

(i) the Company is involved in and completes a consolidation with, or merger with or into, any other person (other than with one of its subsidiaries), or any other similar transaction or series of related transactions pursuant to which the outstanding Common Shares will be converted into or exchanged for cash, securities or other property, or the Company sells, transfers to a third party buyer or otherwise disposes of, in one transaction or a series of related transactions, all or substantially all of the property and assets of the Company and its subsidiaries, taken as a whole; or

(ii) the Shareholders or Directors of the Company approve any plan for its liquidation, dissolution or termination.

“Fundamental Change Payment Date” has the meaning specified in Section 3.2(b) of this Agreement.

“Governmental Entity” means a domestic (federal or state) or foreign court, commission, governmental body, regulatory or administrative agency or other political subdivision thereof.

“Global CVR” has the meaning specified in Section 2.1(a) of this Agreement.

“Holder” means a person in whose name a CVR is registered in the CVR Register or the Direct Registration System.

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited.

“Implied Market Capitalization” means, as of any date, the greater of (i) the 30-day VWAP of the Common Shares measured as of such date, multiplied by the average number of shares outstanding as of the close of trading on each date during the measurement period of such 30-day VWAP and (ii) the aggregate equity value of the Company implied by the total per share consideration (or cash equivalent thereof) payable in connection with any transaction that constitutes a Fundamental Change.

“Indebtedness” has the meaning ascribed to it in the indentures governing the New HY Notes.

“Independent Investment Bank” means an independent investment bank of international repute selected by the Company.

“Law” means any foreign, federal, state, local or municipal laws, rules, judgments, orders, regulations, statutes, ordinances, codes, decisions, injunctions, decrees, international treaties and conventions or requirements of any Governmental Entity.

“New Convertible Bonds” means the US\$259,463,680 variable rate convertible bonds due 2019 issued by the Company.

“New HY Notes” means the Series A Notes, the Series B Notes, the Series C Notes, the Series D Notes and the Series E Notes.

“Officer” means one of the executive officers of the Company.

“Officers’ Certificate” means a certificate signed by two Officers.

“Onshore Debt” has the meaning specified in Section 8.2(c) of this Agreement.

“Opinion of Counsel” means a written opinion from legal counsel which is reasonably acceptable to the CVR Trustee.

“outstanding” when used with respect to the CVRs means, as of the date of determination, all CVRs theretofore authenticated and delivered under this Agreement, except:

- (i) CVRs theretofore cancelled by the CVR Registrar or delivered to the CVR Registrar for cancellation; and
- (ii) CVRs in exchange for or *in lieu* of which other CVRs have been authenticated and delivered pursuant to this Agreement.

A CVR does not cease to be outstanding because the Company or any Affiliate of the Company holds the CVR; provided that in determining whether the Holders of the requisite amount of outstanding CVRs have given any request, demand, authorization, direction, notice, consent or waiver under this Agreement, CVRs owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the CVR Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only CVRs which a Responsible Officer of the CVR Trustee actually knows are so owned shall be so disregarded. CVRs so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the CVR Trustee the pledgee’s right to act with respect to such CVRs and that the pledgee is not the Company or an Affiliate of the Company.

“person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan.

“Process Agent” has the meaning specified in Section 9.5 of this Agreement.

“Qualified Exchange” means either (1) the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange, the Nasdaq Stock Market or SGX or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Reference Share Price” means the 30-day VWAP of the Common Shares for the period ending the day prior to the Calculation Date.

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

“Responsible Officer” when used with respect to the CVR Trustee shall mean any officer of the CVR Trustee having direct responsibility for the administration of this Agreement, or to whom corporate trust matters are referred because of that officer’s knowledge of and familiarity with the particular subject.

“Restricted Subsidiary” has the meaning ascribed to it in the indentures governing the New HY Notes.

“Restructured Onshore Debt” has the meaning specified in Section 8.2(c) of this Agreement.

“RMB” means the Renminbi, the lawful currency of the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for purposes of this Agreement.

“Schemes of Arrangement” means a scheme of arrangement in respect of the Company under sections 673 and 674 of the Companies Ordinance (Cap 622) of the laws of Hong Kong, and/or a scheme of arrangement in respect of the Company under section 86 of the Companies Law (2013 Revision) as applicable in the Cayman Islands and/or a scheme of arrangement in respect of the Company under Part 26 of the Companies Act 2006 as applicable in England and Wales.

“Scrip Dividend” means any Common Shares issued *in lieu* of the whole or any part of any Relevant Cash Dividend, being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution.

“Securities Act” means the United States Securities Act of 1933, as amended.

“SEC” means the United States Securities and Exchange Commission.

“Series A Notes” means the variable rate senior notes due December 31, 2019, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$ 277,427,548.

“Series B Notes” means the variable rate senior notes due June 30, 2020, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$ 499,370,003.

“Series C Notes” means the variable rate senior notes due December 31, 2020, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$ 610,341,234 .

“Series D Notes” means the variable rate senior notes due June 30, 2021, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$ 665,826,819 .

“Series E Notes” means the variable rate senior notes due December 31, 2021, to be issued by the Company on the Exchange Date in an original aggregate principal amount of US\$ 721,312,474 .

“Settlement Date” has the meaning specified in Section 3.2(a) of this Agreement.

“Settlement Record Date” has the meaning specified in Section 3.4 of this Agreement.

“SGX” means Singapore Exchange Securities Trading Limited.

“Shareholders” means holders of Common Shares of the Company.

“Significant Restricted Subsidiary” means a Restricted Subsidiary, or a group of Restricted Subsidiaries, of the Company that would, when taken together, be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Exchange Date; provided that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Subordinated Shareholder Loan” means any unsecured loan to the Company or any Restricted Subsidiary from Permitted Holders (as defined in the indentures governing the New HY Notes) which (i) is expressly subordinated in right of payment to the New HY Notes and the New Convertible Bonds and the obligations of the Company under this Agreement, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Settlement Date of the CVRs and (iii) by its terms does not provide any cash payment of interest.

“Tax” means any federal, state, local or foreign income, profits, gross receipts, license, payroll, employment, severance, stamp, occupation, premium, windfall profits, environmental, customs duty, capital stock, franchise, sales, social security, unemployment, disability, use, property, withholding, excise, transfer, registration, production, value added, alternative minimum, occupancy, estimated or any other tax of any kind whatsoever, together with any interest, penalty or addition thereto, imposed by any Governmental Entity responsible for the imposition of any such tax, whether disputed or not.

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

“Trust Indenture Act” means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb), as amended and in effect from time to time.

“U.S. dollars” or “US\$” means United States dollars, the official currency of the United States of America.

1.2 Compliance and Opinions.

(a) Upon any application or request by the Company to the CVR Trustee to take any action under any provision of this Agreement, the Company shall furnish to the CVR Trustee an Officers’ Certificate stating that, in the opinion of the signor, all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with and an Opinion of Counsel stating, subject to customary exceptions, that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required

by any provision of this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

(b) Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Agreement shall include: (i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.3 Form of Documents Delivered to CVR Trustee.

(a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company.

(c) Any certificate, statement or opinion of an officer of the Company or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Company. Any certificate or opinion of any independent firm of public accountants filed with the CVR Trustee shall contain a statement that such firm is independent.

(d) Where any person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement, they may, but need not, be consolidated and form one instrument.

1.4 Trust Indenture Act.

(a) Whenever this Agreement refers to a provision of the Trust Indenture Act, the provision is incorporated by reference in and made a part of this Agreement. All terms used in this Agreement that are defined by the Trust Indenture Act, defined by the Trust Indenture Act by reference to another statute or defined by any SEC rule under the Trust Indenture Act and not otherwise defined herein have the meanings so assigned to them.

(b) If any provision of this Agreement limits, qualifies, or conflicts with another provision which is required to be included in this Agreement by the Trust Indenture Act, the required provision of the Trust Indenture Act shall control.

(c) Nothing herein shall be deemed an admission of, or agreement by, the Company and the CVR Trustee that the Trust Indenture Act applies to this Agreement.

ARTICLE II CONTINGENT VALUE RIGHTS

2.1 Issuance and Forms of the CVRs.

(a) On the issue date, the Company will deliver to the CVR Authenticating Agent one global CVR representing 232,621 CVRs each with an aggregate notional amount of US\$70 (the “Global CVR”) for authentication. The Global CVR and the CVR Authenticating Agent’s certificate of authentication shall be in substantially the forms set forth in Exhibit A, attached hereto and incorporated herein by this reference, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of the SGX or any Qualified Exchange or as may be required by Law or any rule or regulation pursuant thereto, all as may be determined by the director of the Company executing such Global CVR, as evidenced by their execution of the Global CVR. Any portion of the text of the Global CVR may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Global CVR. The Global CVR shall be typewritten, printed, lithographed or engraved on steel engraved borders or produced by any combination of these methods or may be produced in any other manner permitted by the rules of the SGX or any Qualified Exchange on which the CVRs may be listed, all as determined by the director executing such Global CVR, as evidenced by their execution of such Global CVR.

(b) The Direct Registration CVRs shall be uncertificated and shall be evidenced by the Direct Registration System maintained by the CVR Registrar.

2.2 Registrable Form. The CVRs shall be issuable only in registered form. The CVRs shall be issued initially in the form of a permanent Global CVR, deposited with the Common Depository, as the custodian for Euroclear and Clearstream. The Global CVR will represent the outstanding CVRs as will be specified therein and shall provide that it represents the aggregate number of CVRs from time to time endorsed thereon and that the aggregate number of outstanding CVRs represented thereby may from time to time be reduced or increased, as appropriate to reflect exchanges.

2.3 Execution, Authentication, Delivery and Dating.

(a) The Global CVR shall be executed on behalf of the Company by any director or any other person duly authorized to act on behalf of the Company for such purpose or any general purpose, but need not be attested. The signature of any of these persons on the Global CVR may be manual or facsimile.

(b) Any Global CVR bearing the manual or facsimile signatures of individuals who were, at the time of execution, the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Global CVR or did not hold such offices at the date of such Global CVR.

(c) At any time and from time to time after the execution and delivery of this Agreement, the Company may deliver a Company Order for the authentication, as applicable, and delivery of CVRs instructing the CVR Authenticating Agent to authenticate and the CVR Registrar to deliver such CVRs in accordance with such Company Order and as provided in this Agreement and not otherwise. In the case of a Global CVR, such Company Order shall be accompanied by a Global CVR executed by the Company and delivered to the CVR Authenticating Agent for authentication in accordance with such Company Order.

(d) Each Global CVR shall be dated the date of its authentication.

(e) No Global CVR shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears on such Global CVR a certificate of authentication substantially in the form provided for herein duly executed by the CVR Authenticating Agent, by manual or facsimile signature of an authorized officer, and such certificate of authentication upon any Global CVR shall be conclusive evidence, and the only evidence, that such Global CVR has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Agreement.

(f) Direct Registration CVRs need not be authenticated, and shall be valid and obligatory for all purposes and shall entitle each Holder thereof to all benefits of this Agreement.

2.4 Registration, Registration of Transfer and Exchange.

(a) The Company shall cause the CVR Registrar to maintain a register outside of the United Kingdom (the “CVR Register”) in which the registration of original issuance and the registration of transfer of the CVRs shall be recorded and for the purpose of registering Global CVRs and transfers of Global CVRs as herein provided. Upon the initial issuance of the CVRs, the Company shall cause the CVR Registrar to issue and register the CVRs in the names of the respective Holders thereof in accordance with instructions delivered to the CVR Registrar by the Company. The Global CVR shall be registered in the name of the nominee of the Common Depositary for the accounts of Euroclear and Clearstream.

(b) (i) A Global CVR may not be transferred except as a whole by the Common Depositary to a nominee of the Common Depositary, by a nominee of the Common Depositary to the Common Depositary or to another nominee of the Common Depositary, or by the Common Depositary or any such nominee to a successor Common Depositary or a nominee of such successor Common Depositary. The Global CVR will be exchanged by the Company in whole, and not in part, for Direct Registration CVRs if (1) the Company delivers to the CVR Registrar notice from the clearing systems through which the CVRs are held that it is unwilling or unable to continue to act as depositary or

that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor clearing system is not appointed by the Company within ninety (90) days after the date of such notice from the clearing system or (2) the clearing systems through which the CVRs are held is closed for business for a continuous period of over fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so or (3) an Event of Default has occurred and is continuing and the CVR Registrar has received a request from the clearing systems through which the CVRs are held to issue Direct Registration CVRs. Upon the occurrence of either of the preceding events in (1) above, Direct Registration CVRs shall be issued in such names as the clearing systems through which the CVRs are held shall instruct the CVR Registrar. The Global CVR also may be exchanged or replaced, in whole, and not in part, as provided in Section 2.5 hereof. Every Global CVR authenticated and delivered in exchange for, or *in lieu* of, a Global CVR or any portion thereof, pursuant to this Section 2.4 or Section 2.5 hereof, shall be authenticated and delivered in the form of, and shall be, a Global CVR. A Global CVR may not be exchanged for another Global CVR other than as provided in this Section 2.4(b)(i), however, beneficial interests in a Global CVR may be transferred and exchanged as provided in Section 2.4(b)(ii) hereof.

(ii) The transfer and exchange of beneficial interests in the Global CVR will be effected through the clearing systems through which the CVRs are held, in accordance with the provisions of this Agreement and the Applicable Procedures. Beneficial interests in the Global CVR may be transferred to persons who take delivery thereof in the form of a beneficial interest in the Global CVR. No written orders or instructions shall be required to be delivered to the CVR Registrar to effect the transfers described in this Section 2.4(b)(ii).

(iii) Upon request by a Holder of Direct Registration CVRs and such Holder's compliance with the provisions of this Section 2.4(b)(iii), the Company shall cause the CVR Registrar to register the transfer or exchange of Direct Registration CVRs. Prior to such registration of transfer or exchange, the requesting Holder must present to the CVR Registrar a written instruction of transfer in form satisfactory to the CVR Registrar duly executed by such Holder or by its attorney, duly authorized in writing. A Holder of Direct Registration CVRs may transfer such Direct Registration CVRs to a person who takes delivery thereof in the form of Direct Registration CVRs. Upon receipt of a request to register such a transfer, the Company shall cause the CVR Registrar to register the Direct Registration CVRs pursuant to the instructions from the Holder thereof.

(iv) At such time as all beneficial interests in the Global CVR have been exchanged for Direct Registration CVRs or the Global CVR has been repurchased or cancelled in whole and not in part, the Company shall cause the Global CVR to be returned to the Company or retained and cancelled by the CVR Registrar in accordance with Section 2.7 hereof. At any time prior to such cancellation, if any beneficial interest in the Global CVR is exchanged for or transferred to a person who will take delivery thereof in the form of a beneficial interest in another Global CVR or for Direct Registration CVRs, the aggregate number of CVRs represented by such Global CVR

will be reduced accordingly and the Company shall cause an endorsement to be made on such Global CVR by the CVR Paying Agent or the CVR Registrar, as the case may be, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a person who will take delivery thereof in the form of a beneficial interest in another Global CVR, such other Global CVR will be increased accordingly and the Company shall cause an endorsement to be made on such Global CVR by the CVR Paying Agent or CVR Registrar, as the case may be, to reflect such increase.

(v) (A) To permit registrations of transfers and exchanges, the Company will execute and instruct the CVR Authenticating Agent to authenticate any Global CVR by delivering to the CVR Authenticating Agent a Company Order in accordance with Section 2.3 hereof.

(B) No service charge will be made to a Holder of a beneficial interest in a Global CVR or to a Holder of a Direct Registration CVR for any registration of transfer or exchange, but the Company may require payment of a sum sufficient from the Holder to cover any transfer tax or similar governmental charge payable in connection therewith.

(C) All Global CVRs and Direct Registration CVRs issued upon any registration of transfer or exchange of the Global CVR or Direct Registration CVRs will be the valid obligations of the Company, evidencing the same rights, and entitled to the same benefits under this Agreement, as the Global CVR or Direct Registration CVRs surrendered upon such registration of transfer or exchange.

(D) The Company shall cause the CVR Authenticating Agent to authenticate any Global CVR in accordance with the provisions of Section 2.3 hereof.

(c) The Company shall not be required to exchange or register a transfer of any CVRs between any Settlement Record Date and the relevant Settlement Date.

2.5 Mutilated, Destroyed, Lost and Stolen CVRs.

(a) If (i) any mutilated Global CVR is surrendered to the CVR Registrar or (ii) the Company and the CVR Registrar receive evidence to their satisfaction of the destruction, loss or theft of any Global CVR and there is delivered to the Company and the CVR Registrar (A) such security and/or indemnity as may be required by them to save each of them and any agent of either harmless and (B) an affidavit of loss in respect of such CVR, then, in the absence of notice to the Company or the CVR Registrar that such Global CVR has been acquired by a *bona fide* purchaser, the Company shall execute and, upon delivery of a Company Order, the Company shall instruct the CVR Authenticating Agent to authenticate and the CVR Registrar to deliver, in exchange for any such mutilated Global CVR or *in lieu* of any such destroyed, lost or stolen CVR, a new CVR, in the form of either a Global CVR or a Direct Registration CVR, of like tenor and amount of CVRs, bearing a number not contemporaneously outstanding.

(b) Every new CVR issued pursuant to this Section 2.5 *in lieu* of any destroyed, lost or stolen Global CVR shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen CVR shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Agreement equally and proportionately with any and all other CVRs duly issued hereunder.

(c) The provisions of this Section 2.5 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen CVRs.

2.6 Persons Deemed Owners. The Company, the CVR Trustee and any agent of the Company or the CVR Trustee shall treat the person in whose name any CVR is registered as the owner of such CVR for the purpose of receiving payment on such CVR and for all other purposes whatsoever, whether or not such CVR be overdue, and neither the Company, the CVR Trustee nor any agent of the Company or the CVR Trustee shall be affected by, and/or obligated to take any steps in relation to, a notice to the contrary.

2.7 Cancellation. All CVRs surrendered for payment, registration of transfer or exchange shall, if surrendered to any person other than the CVR Registrar, be delivered to the CVR Registrar and the Company shall cause all such CVRs to be cancelled by the CVR Registrar as soon as reasonably practicable thereafter. The Company shall promptly deliver to the CVR Registrar for cancellation any CVRs previously authenticated and delivered hereunder which the Company has acquired in any manner whatsoever, and the Company shall instruct all CVRs so delivered to be cancelled by the CVR Registrar as soon as reasonably practicable thereafter. No CVRs shall be authenticated *in lieu* of or in exchange for any CVRs cancelled as provided in this Section 2.7, except as expressly permitted by this Agreement. The Company shall ensure that all cancelled CVRs held by the CVR Registrar shall be destroyed and a certificate of destruction shall (upon written request) be issued by the CVR Registrar to the Company.

2.8 Other Provisions Relating to Rights of Holders of CVRs.

(a) No Rights as Stockholder. A CVR does not entitle the Holder thereof to any of the rights of a stockholder of the Company, including, without limitation, the right to receive dividends, or other distributions, exercise any preemptive rights to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or attend such meetings or the election of directors of the Company or any other matter.

(b) No Rights to Share in Assets of the Company. A CVR does not entitle the Holder thereof to the right to share in the assets of the Company in the event of its liquidation, dissolution or the winding up; in the event a bankruptcy or reorganization is commenced by or against the Company, a bankruptcy court may hold that CVRs are executory contracts which may be subject to rejection by the Company with approval of the bankruptcy court, and the holders of the CVRs may, even if sufficient funds are available, receive nothing or a lesser amount as a result of any such bankruptcy case than they would be entitled to if any payment under the CVRs has been triggered prior to the commencement of any such case or prior to the passing of any shareholders' resolution approving the voluntary winding up of the Company.

ARTICLE III
CVR SETTLEMENT

3.1 CVR Triggering Event. Holders of the CVRs shall be entitled to the payment of US\$14 for each CVR they hold upon the occurrence of each of the following triggering events (each, a “CVR Triggering Event” and each amount set out in the following, a “Market Capitalization Milestone”):

(a) when the Implied Market Capitalization of the Common Shares exceeds HK\$10,075,000,000;

(b) when the Implied Market Capitalization of the Common Shares exceeds HK\$12,594,000,000;

(c) when the Implied Market Capitalization of the Common Shares exceeds HK\$15,742,000,000;

(d) when the Implied Market Capitalization of the Common Shares exceeds HK\$19,678,000,000; and

(e) when the Implied Market Capitalization of the Common Shares exceeds HK\$20,542,000,000.

As soon as reasonably practicable after the occurrence of each CVR Triggering Event the Company will deliver a written notice to the clearing systems through which the CVRs are held informing such clearing systems that such CVR Triggering Event has occurred and specifying the Settlement Record Date and Settlement Date in respect of such CVR Triggering Event.

3.2 Settlement of Payment.

(a) Subject to 3.2(b) below, upon the occurrence of any CVR Triggering Event, the Company shall settle any payment triggered on the date that is the later of (i) six months after the occurrence of such CVR Triggering Event and (ii) the third anniversary of the date hereof (each such date, a “Settlement Date”), in cash, or in the event that the Common Shares are listed on any Qualified Exchange, at the election of the Company, in Common Shares *in lieu* of cash, in which case, a holder of the CVRs shall be entitled to receive the number of Common Shares calculated by the Company as equal to the quotient of the aggregate amount payable with respect to each CVR Triggering Event for which the Market Capitalization Milestones pursuant to Section 3.1 hereof has been met and the Reference Share Price.

(b) Notwithstanding the foregoing, upon a Fundamental Change, notice of which shall be given in writing to the CVR Trustee and the CVR Agents as soon as practicable after its occurrence, the Company shall settle all amounts triggered by a CVR Triggering Event occurring prior to or in connection with such Fundamental Change (1) in the case of clause (i) of the definition of the Fundamental Change, on the date of consummation of a transaction described in such clause (i); and (2) in the case of clause (ii) of the definition of Fundamental Change, on the date of approval of such plan of liquidation, dissolution or termination (such settlement date, the “Fundamental Change Payment Date”).

(c) The Company, no later than 9:00 a.m. (London time) on the Business Day immediately preceding each date on which a cash payment in respect of the CVRs becomes due, shall (i) transfer (or cause to be transferred) to the designated account of the CVR Paying Agent in U.S. dollars immediately available funds such amount as may be required for the purposes of such payment and (ii) notify the CVR Paying Agent and the CVR Trustee of such transfer in the form of payment notice attached as Exhibit C hereto. The Company, no later than 10:00 a.m. (London time) on the second Business Day immediately preceding each date on which any payment in respect of the CVRs becomes due, shall confirm such payment to the CVR Paying Agent and the CVR Trustee.

(d) The CVR Paying Agent shall not be bound to make any payment until it is satisfied that full payment has been received by it from the Company in immediately available and cleared funds on the Business Day prior to any payment due date.

(e) The CVR Paying Agent shall be entitled to make payments net of any Taxes or other sums required by any Applicable Law to be withheld or deducted and, if such a withholding or deduction is so required, the CVR Paying Agent will not pay an additional amount in respect of that withholding or deduction.

In this section 3.2(e):

“**Applicable Law**” means any law or regulation including, but not limited to: (i) any statute or regulation; (ii) any rule or practice of any Authority by which any Party is bound or with which it is accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any Party.

“**Authority**” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“**Tax**” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

3.3 Settlement in Common Shares.

(a) The Company may elect to settle any payment triggered under the CVRs upon the occurrence of any CVR Triggering Event in Common Shares *in lieu* of cash pursuant to Section 3.2 hereof by giving notice at least five (5) Business Days prior to the Settlement Date or the Fundamental Change Payment Date to the CVR Trustee, the CVR Agents and the Holders (which notice shall be irrevocable); *provided* that the Company shall settle in cash all amounts caused by a Fundamental Change (1) described in clause (ii) of the definition of Fundamental Change or (2) described in clause (i) of the definition of Fundamental Change unless the consideration to be received upon conversion or exchange of the Common Shares consists of common stock of another person that trades on the Hong Kong Stock Exchange or another Qualified Exchange.

(b) Valid Issuance. All Common Shares issued pursuant to this Section 3.3 shall be validly issued, non-assessable and fully paid and will not be subject to any preemptive or similar rights upon issuance.

(c) Date of Issuance. Each Holder in whose name any such certificate for Common Shares is issued shall for all purposes be deemed to have become the holder of record of such Common Shares on the Settlement Date, irrespective of the date of receipt of such certificate by such Holder, except that, if the Settlement Date is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open. The Company shall, as soon as practicable, give notice to the CVR Trustee and the Holders of any period during which the stock transfer books of the Company are closed.

3.4 Settlement Record Date. The Person in whose name any CVR is registered at the close of business on the Business Day immediately preceding a Settlement Date (such date a "Settlement Record Date"), with respect to any Settlement Date, shall be entitled to receive any cash payment or Common Shares, as applicable, due on such Settlement Date, notwithstanding any transfer or exchange of such CVR subsequent to such Settlement Record Date and prior to such Settlement Date.

ARTICLE IV THE TRUSTEE

4.1 CVR Trustee. The Company hereby appoints U.S. Bank National Association, as the CVR Trustee, to act as CVR Trustee in accordance with the terms and conditions of this Agreement, and the CVR Trustee hereby accepts such appointment.

4.2 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default (as defined in Section 8.1 hereof) with respect to the CVRs, the CVR Trustee need perform such duties and only such duties as are specifically set forth in this Agreement and no other duties, nor any implied covenants or obligations, shall be read into this Agreement against the CVR Trustee. The CVR Trustee shall not, by virtue of its or any of its Affiliates acting in any other capacity in connection with the CVRs, be deemed to have other duties or be deemed to held to a standard of care other than as expressly provided with respect to each such capacity. In case an Event of Default with respect to the CVRs has occurred (which has not been cured or waived), the CVR Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) In the absence of bad faith on its part, except during the continuance of an Event of Default, the CVR Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the CVR Trustee which conform to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the CVR Trustee, the CVR Trustee shall be under a duty to examine the same to determine

whether or not they conform to the requirements of this Agreement; *provided*, that the CVR Trustee shall not be required to confirm or investigate the accuracy of mathematical calculations or other facts stated therein.

(c) No provision of this Agreement shall be construed to relieve the CVR Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that: (i) this Section 4.2(c) shall not be construed to limit the effect of Section 4.2(a) and Section 4.2(b) hereof; (ii) the CVR Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the CVR Trustee was negligent in ascertaining the pertinent facts; (iii) the CVR Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with a direction of the Holders provided pursuant to Section 8.10 hereof ; and (iv) no provision in in this Agreement shall require the CVR Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the CVR Trustee shall be subject to the provisions of this Section 4.2.

4.3 Certain Rights of the CVR Trustee. Subject to the provisions of Section 4.2 hereof:

(a) the CVR Trustee may conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and the CVR Trustee need not investigate any fact or matter stated in the document;

(b) any request or direction or order of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution and the CVR Trustee shall not be liable for any action it takes or omits to take in good faith reliance thereon;

(c) whenever in the administration of this Agreement the CVR Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the CVR Trustee (unless other evidence be herein specifically prescribed) may request an Officer's Certificate or, if deemed necessary in the reasonable view of the CVR Trustee, an Opinion of Counsel, and, in the absence of bad faith on its part, the CVR Trustee shall not be liable for any action it takes or omits to take in reliance on any such Officer's Certificate or Opinion of Counsel;

(d) the CVR Trustee may consult with counsel of its choice (who may be counsel to the Company or its Affiliates) and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered

or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(e) the CVR Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Holders pursuant to this Agreement, unless such Holders shall have offered to the CVR Trustee security and/or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the CVR Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document, but the CVR Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit, and if the CVR Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney, as necessary for such inquiry or investigation at the sole cost of the Company and shall incur no liability of any kind by reason of such inquiry or investigation other than as a result of CVR Trustee's negligence or willful misconduct;

(g) the CVR Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the CVR Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the CVR Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(i) the rights, privileges, protections, immunities and benefits given to the CVR Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by each agent, custodian and other person employed to act hereunder;

(j) in no event shall the CVR Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) whether or not foreseeable and irrespective of whether the CVR Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The provisions of this Section 4.3(j) shall survive the termination of this Agreement, payment in full of all amounts due under the CVRs and the resignation or removal of the CVR Trustee;

(k) the CVR Trustee shall not be deemed to have knowledge of any Event of Default except any Event of Default of which a Responsible Officer of the CVR Trustee shall have received written notification thereof at the Corporate Trust Office or otherwise obtained actual knowledge. In the absence of such notice or actual knowledge, the CVR Trustee may conclusively assume there is no Event of Default except as aforesaid;

(l) the CVR Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder;

(m) the permissive rights of the CVR Trustee enumerated in this Agreement shall not be construed as duties hereunder;

(n) in no event shall the CVR Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities or communications services; it being understood that the CVR Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

4.4 Not Responsible for Recitals or Issuance of CVRs. The CVR Trustee shall not be accountable for the use and/or administration of the CVRs by any person other than the CVR Trustee. The recitals contained herein and in the CVRs shall be taken as the statements of the Company, and the CVR Trustee assumes no responsibility for their correctness. The CVR Trustee makes no representations as to the validity, value, adequacy, enforceability, legality or sufficiency of this Agreement or of the CVRs.

4.5 May Hold CVRs. The CVR Trustee or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of CVRs, and, subject to Section 4.8 and 4.13 hereof, may otherwise deal with the Company with the same rights it would have if it were not CVR Trustee or such other agent.

4.6 Money Held in Trust. Money held by the CVR Trustee in trust hereunder need not be segregated from other funds except to the extent required by Law. The CVR Trustee shall be under no liability for interest on any money received by it hereunder, except as otherwise agreed by the CVR Trustee in writing with the Company.

4.7 Compensation and Reimbursement. The Company agrees:

(a) to indemnify the CVR Trustee and its officers, employees, agents and directors, for, and hold the CVR Trustee and its officers, employees, agents and directors, harmless against, any loss, liability or expense arising out of or in connection with the CVR Trustee's duties and responsibilities under and acceptance and administration of this Agreement, including the costs and expenses (including reasonably incurred attorney's fees and expenses and the reasonably incurred costs and expenses of any agent and delegate of the CVR Trustee) of defending the CVR Trustee against any claim, charge, demand, liability, fees, costs, expenses, suit or loss, unless such loss shall have been determined in a final non-appealable judgment by a court of competent jurisdiction to be a result of the CVR Trustee's negligence or bad faith.

(b) (i) to pay the fees, costs and expenses of the CVR Trustee in connection with this Agreement as agreed upon in writing by the CVR Trustee and the Company and (ii) to promptly reimburse the CVR Trustee for all taxes and governmental charges, expenses and other charges of any kind and nature incurred by the CVR Trustee in the performance of its duties and exercising its rights and powers under this Agreement. The CVR Trustee shall also be entitled

to prompt reimbursement from the Company for all reasonably incurred out-of-pocket expenses and costs (including reasonably incurred attorney's fees and expenses and the reasonably incurred costs and expenses of any agent and delegate of the CVR Trustee) paid or incurred by it in connection with the administration by the CVR Trustee of its duties and responsibilities hereunder.

(c) Subject to the foregoing, to the extent that any indemnity payment to be made by the Company has taken into account any withholding or deduction as referred to in this Section 4.7(c), all payments by the Company under this Section 4.7 will be made without withholding or deduction for any taxes, duties, or other charges of whatever nature imposed, levied, collected, withheld or assessed by any political subdivision or authority thereof or therein having power to tax. If any withholding or deduction is required by law in respect of payments made by the Company to the CVR Trustee under this Section 4.7, the Company shall pay additional amounts as may be necessary in order that the net amounts received by the CVR Trustee after such deduction or withholding shall equal the amounts which would have been receivable by the CVR Trustee had no such deduction or withholding been required.

(d) This Section 4.7 shall survive the termination or discharge of this Agreement and the resignation or removal of the CVR Trustee.

4.8 Disqualification; Conflicting Interests.

(a) If applicable, to the extent that the CVR Trustee determines that it has a conflicting interest within the meaning of Section 310(b) of the Trust Indenture Act, the CVR Trustee shall as soon as practicable notify the Company of such conflict and, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Agreement. In the case of such resignation, the Company shall take prompt steps to have a successor appointed in the manner provided in this Agreement.

(b) In the event the CVR Trustee shall fail to comply with Section 4.8(a) hereof, the CVR Trustee shall, within ten (10) days of the expiration of such ninety (90) day period, transmit a notice of such failure to the Holders in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act and this Agreement.

4.9 Corporate CVR Trustee Required; Eligibility. There shall at all times be a CVR Trustee hereunder which satisfies the applicable requirements of Sections 310(a)(1) and (5) of the Trust Indenture Act and has a combined capital and surplus of at least fifty million U.S. dollars (US\$50,000,000). If such corporation publishes reports of condition at least annually, pursuant to Law or to the requirements of a supervising or examining authority, then for the purposes of this Section 4.9, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the CVR Trustee shall cease to be eligible in accordance with the provisions of this Section 4.9 it shall resign immediately in the manner and with the effect hereinafter specified in this Article 4.

4.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the CVR Trustee and no appointment of a successor CVR Trustee pursuant to this Article 4 shall become effective until the acceptance of appointment by the successor CVR Trustee under Article 4.11.

(b) The CVR Trustee, or any trustee or trustees hereafter appointed, may resign at any time by giving written notice thereof to the Company.

(c) The CVR Trustee may be removed at any time by a demand in writing by the Holders of at least a majority of the outstanding CVRs delivered to the CVR Trustee and to the Company.

(d) If at any time:

(i) the CVR Trustee shall fail to comply with Section 4.8 hereof after written request therefor by the Company or by any Holder who has been a bona fide Holder of a CVR for at least six (6) months; or

(ii) the CVR Trustee shall cease to be eligible under Section 4.9 hereof and shall fail to resign after written request therefor by the Company or by any such Holder; or

(iii) the CVR Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the CVR Trustee or of its property shall be appointed, or any public officer shall take charge or control of the CVR Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (A) the Company, by a Board Resolution or action of its Chief Executive Officer, may remove the CVR Trustee, or (B) subject to Section 8.13 hereof, the Holder of any CVR who has been a bona fide Holder of a CVR for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the CVR Trustee and the appointment of a successor CVR Trustee.

(e) If the CVR Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of CVR Trustee for any cause, the Company, by a Board Resolution and/or action of its Chief Executive Officer, shall promptly appoint a successor CVR Trustee. If, within one (1) year after any removal by the Holders of at least a majority of the outstanding CVRs, a successor CVR Trustee shall be appointed by act of the Holders of at least a majority of the outstanding CVRs delivered to the Company and the retiring CVR Trustee the successor CVR Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 4.11 hereof, become the successor CVR Trustee and supersede the successor CVR Trustee appointed by the Company. If no successor CVR Trustee shall have been so appointed by the Company or the Holders of the CVRs and accepted appointment within sixty (60) days after the retiring CVR Trustee tenders its resignation or is removed, subject to Section 8.13 hereof, the retiring CVR Trustee may (at the expense of the Company), the Company, or the Holder of any CVR who has been a bona fide Holder for at least six (6)

months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor CVR Trustee. If any CVR Trustee is removed with or without cause, all fees and expenses (including the reasonably incurred fees and expenses of counsel) of such CVR Trustee incurred in the administration of the trust or in performing its duties hereunder shall be paid to such CVR Trustee by the Company.

(f) The Company shall give notice of each resignation and each removal of the CVR Trustee and each appointment of a successor CVR Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of CVRs as their names and addresses appear in the CVR Register and the CVR Agents. Each notice shall include the name of the successor CVR Trustee and the address of its Corporate Trust Office. If the Company fails to send such notice within ten (10) days after acceptance of appointment by a successor CVR Trustee, it shall not be a default hereunder but the successor CVR Trustee shall cause the notice to be mailed at the expense of the Company.

4.11 Acceptance of Appointment of Successor.

(a) Every successor CVR Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring CVR Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring CVR Trustee shall become effective and such successor CVR Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring CVR Trustee; but, upon request of the Company or the successor CVR Trustee, such retiring CVR Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor CVR Trustee all the rights, powers and trusts of the retiring CVR Trustee, and shall duly assign, transfer and deliver to such successor CVR Trustee all property and money held by such retiring CVR Trustee hereunder. Upon request of any such successor CVR Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor CVR Trustee all such rights, powers and trusts. Notwithstanding the replacement of the CVR Trustee pursuant to this Section 4.11, the Company's obligations under Section 4.7 hereof shall continue and inure to the benefit of the retiring CVR Trustee.

(b) No successor CVR Trustee shall accept its appointment unless at the time of such acceptance such successor CVR Trustee shall be qualified and eligible under this Article 4.

4.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the CVR Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the CVR Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the CVR Trustee, by sale or otherwise, shall be the successor of the CVR Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article 4, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

4.13 Preferential Collection of Claims Against Company. If and when the CVR Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company, excluding any creditor relationship set forth in Section 311(b) of the Trust Indenture

Act, if applicable, the CVR Trustee shall be subject to the applicable provisions of the Trust Indenture Act regarding the collection of claims against the Company.

4.14 Forwarding of Communications. The CVR Trustee shall forward to the Company a copy of any notice or communication addressed to the Company by any Holder which is received by the CVR Trustee.

4.15 Publication of Notices. The CVR Trustee shall, upon and in accordance with instructions of the Company received at least ten (10) Business Days (in the Corporate Trust Office of the CVR Trustee) before the proposed publication date, arrange for the publication of any notice which is to be given to the Holders and shall supply a copy thereof to the Common Depository. All costs associated with the publication of any notices referred to in this Section 4.15 shall be borne by the Company.

4.16 Mutual Undertaking Regarding Information Reporting and Collection Obligations. Each party shall, within thirty (30) Business Days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the CVRs as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; provided, however, that no party shall be required to provide any forms, documentation or other information pursuant to this Section 4.16 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality.

4.17 Company's Right to Redirect. In the event that the Company reasonably determines in its sole discretion that withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to the Holders of the CVRs, then the Company will be entitled to redirect or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deductions or withholding provided that, any such redirected or reorganized payment is made through a recognized institution of international standing and otherwise made in accordance with this Agreement. The Company will promptly notify the CVR Trustee and CVR Paying Agent in writing of any such redirection or reorganization.

4.18 Prior Credit. If Taxes become payable by the CVR Trustee in respect of any prior credit, the Company will remain liable for any deficiency and agrees that the Company shall pay any such deficiency upon notice from the CVR Trustee or any Authority.

For the purposes of Section 4.16 to Section 4.18, inclusive:

“Applicable Law” means any Law or regulation including, but not limited to: (i) any statute or regulation; (ii) any rule or practice of any Authority by which any party is bound or

with which it is accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any party.

“Authority” means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction.

“party” means any party to this Agreement.

“Tax” means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

ARTICLE V HOLDERS’ LISTS AND REPORTS BY THE TRUSTEE AND COMPANY

5.1 Company to Furnish CVR Trustee with Names and Addresses of Holders. The Company shall furnish or cause to be furnished to the CVR Trustee (a) promptly after the issuance of the CVRs, and semi-annually thereafter, a list, in such form as the CVR Trustee may reasonably require, of the names and addresses of the Holders as of a recent date, and (b) at such times as the CVR Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request, a list, in such form as the CVR Trustee may reasonably require, of the names and addresses of the Holders as of a date not more than fifteen (15) days prior to the time such list is furnished; provided, however, that if and so long as the CVR Trustee shall be the CVR Registrar, no such list need be furnished.

5.2 Preservation of Information; Communications to Holders.

(a) The CVR Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the CVR Trustee as provided in Section 5.1 hereof. The CVR Trustee may destroy any list furnished to it as provided in Section 5.1 hereof upon receipt of a new list so furnished.

(b) The rights of the Holders to communicate with other Holders with respect to their rights under this Agreement and the corresponding rights and privileges of the CVR Trustee shall be as provided by Section 312(b) of the Trust Indenture Act, if applicable.

(c) Every Holder of CVRs, by receiving and holding the CVRs, agrees with the Company and the CVR Trustee that neither the Company nor the CVR Trustee shall be deemed to be in violation of Law or held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders made pursuant to the Trust Indenture Act (if applicable) regardless of the source from which such information was derived.

5.3 Reports by CVR Trustee.

(a) Within sixty (60) days after December 31 of each year commencing with the December 31 following the date of this Agreement, the CVR Trustee shall transmit to all Holders such reports concerning the CVR Trustee and its actions under this Agreement as may be required pursuant to Section 313(a) of the Trust Indenture Act to the extent and in the

manner provided pursuant thereto. The CVR Trustee shall also comply with Section 313(b)(2) of the Trust Indenture Act, if applicable. The CVR Trustee shall also transmit by mail all reports as required by Section 313(c) of the Trust Indenture Act, if applicable.

(b) A copy of each such report shall, at the time of such transmission to the Holders, be filed by the CVR Trustee with each stock exchange, if any, upon which the CVRs are listed, with the SEC and also with the Company. The Company shall promptly notify the CVR Trustee when the CVRs are listed or delisted on any stock exchange.

5.4 Compliance Certificate. The Company shall comply with Section 314(a)(4) of the Trust Indenture Act, to the extent applicable, by delivering to the CVR Trustee an Officers' Certificate within one hundred and twenty (120) days after the end of each fiscal year of the Company ending after the date hereof, to be executed by the principal executive officer, principal financial officer or principal accounting officer of the Company and stating whether or not, to the best knowledge of the signer(s) thereof, the Company is in breach in the performance and observance of any of the terms, provisions or conditions of this Agreement (without regard to any period of grace or requirement of notice provided hereunder).

ARTICLE VI ADJUSTMENTS TO MARKET CAPITALIZATION MILESTONES

6.1 Adjustments to Market Capitalization Milestones. If and whenever the Company shall pay or make any Capital Distribution to the holders of the Common Shares on account of such Common Shares, then each of the Market Capitalization Milestones shall be decreased, effective immediately after the effective date of such dividend or distribution, by the fair market value (as determined, other than in the case of cash, by the Independent Investment Bank at the Company's expense) of the assets distributed or paid on each Common Share in respect of such dividend or distribution.

The CVR Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Market Capitalization Milestones or any calculation (or verification thereof) in connection with the Market Capitalization Milestones and will not be responsible or liable to the Holders or any other person for any loss arising from any failure by them to do so.

6.2 Notice of Adjustments. If an adjustment to Market Capitalization Milestones is made pursuant to Section 6.1 hereof, the Company shall, as soon as practicable after the determination of such adjustment, deliver to the CVR Trustee and the Holders a certificate executed by an authorized officer of the Company setting forth, in reasonable detail, the event requiring the adjustment, the method by which such adjustment was calculated, the Market Capitalization Milestones in effect immediately prior to such adjustment and the Market Capitalization Milestones in effect immediately after such adjustment; *provided*, that any failure by the Company to provide such certificate, or any defect therein, shall not affect the legality or validity of such event.

6.3 Final Determination. If any doubt shall arise as to the appropriate adjustment to Market Capitalization Milestones pursuant to Section 6.1 hereof, the Company shall obtain a

certificate confirming such adjustment from an Independent Investment Bank which shall be conclusive and binding in the absence of manifest error. If the Company fails to select an Independent Investment Bank when required hereunder, Holders of at least a majority of the outstanding CVRs may, but shall not be obliged to, select such Independent Investment Bank.

ARTICLE VII COVENANTS

7.1 Payment of Triggered Amounts, if any, to Holders. The Company shall duly and punctually pay amounts, if any, on the CVRs in accordance with the terms of the CVRs and this Agreement. Such amounts shall be considered paid on the applicable Settlement Date if on such date the CVR Trustee or the CVR Paying Agent holds in accordance with this Agreement money designated for such purpose and sufficient to pay all such amounts then due.

7.2 Money for CVR Payments to Be Held in Trust.

(a) If the Company or any of its subsidiaries shall at any time act as the CVR Paying Agent, it shall, on or before the Settlement Date, as the case may be, segregate and hold in trust for the benefit of the Holders all sums held for payment on the CVRs until such sums shall be paid to the Holders as herein provided, and shall promptly notify the CVR Trustee of any failure of the Company to make payment on the CVRs.

(b) Whenever the Company shall have one or more CVR Paying Agents for the CVRs, it shall, on or before a Settlement Date deposit with a CVR Paying Agent a sum in same day funds sufficient to pay the amount, if any, so becoming due; such sum to be held in trust for the benefit of the persons entitled to such amount, and (unless such CVR Paying Agent is the CVR Trustee) the Company shall promptly notify the CVR Trustee of such action or any failure so to act.

(c) The Company shall cause each CVR Paying Agent other than the CVR Trustee to execute and deliver to the CVR Trustee an instrument in which such CVR Paying Agent shall confirm, subject to the provisions of this Section 7.2, that (i) such CVR Paying Agent shall hold all sums held by it for the payment of any amount payable on CVRs in trust for the benefit of the persons entitled thereto until such sums shall be paid to such persons or otherwise disposed of as herein provided and shall notify the CVR Trustee of the sums so held and (ii) it shall give the CVR Trustee notice of any failure by the Company to make any payment on the CVRs when the same shall be due and payable.

(d) Any money deposited with the CVR Trustee or any CVR Paying Agent, or then held by the Company, in trust for the payment on any CVR and remaining unclaimed for five (5) Business Days after the Settlement Date shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such CVR shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the CVR Trustee or such CVR Paying Agent with respect to such trust money shall thereupon cease.

7.3 Listing of CVRs. The Company hereby covenants and agrees to use its reasonable efforts to cause the CVRs to be approved for listing on the SGX and will maintain

such listing for so long as any CVRs remain outstanding; and if the CVRs are no longer eligible to be listed for trading on SGX, to use its reasonable efforts to cause the CVRs to be approved for listing as promptly as practicable on a Qualified Exchange.

7.4 Other Agreements. The Company shall not enter into any agreement that would interfere with or prohibit the Company's ability to timely make any payment that becomes due under this Agreement.

ARTICLE VIII EVENTS OF DEFAULT

8.1 Events of Default. "Event of Default" with respect to the CVRs means each one of the following events which shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of Law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of all or any part of any payment due under this Agreement after a period of thirty (30) days after such payment shall become due and payable on the Settlement Date or otherwise; or

(b) default in the performance, or breach in any material respect, of any covenant or warranty of the Company in respect of the CVRs, and continuance of such default or breach for a period of sixty (60) days after there has been given, by registered or certified mail, to the Company by the CVR Trustee or to the Company and the CVR Trustee by the Holders of at least 25% of CVRs then outstanding, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(c) subject to Section 8.2(c) hereof, there occurs with respect to any indebtedness of the Company or any Restricted Subsidiary (other than a Subordinated Shareholder Loan) having an outstanding principal amount of US\$20.0 million (or the U.S. dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its maturity and/or (ii) a failure to make a principal payment when due; or

(d) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of sixty (60) consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$20.0 million (or the U.S. dollar equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; or

(e) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect seeking the appointment

of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of sixty (60) consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar Law as now or hereafter in effect; or

(f) the Company or any Significant Restricted Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such Law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary, or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary, or (iii) effects any general assignment for the benefit of creditors; or

(g) suspension of the trading of the Company's Common Shares on the Hong Kong Stock Exchange or any other Qualified Exchange on which the Company's Common Shares are at any time listed for trading after lifting of the suspension of trading of such shares existing as of the Exchange Date, and such suspension continues for more than thirty (30) consecutive Trading Days.

8.2 Acceleration. (a) If an Event of Default (other than an Event of Default specified in clause (e) or (f) of Section 8.1 hereof) occurs and is continuing under this Agreement, the CVR Trustee or the Holders of at least 25% of the CVRs then outstanding, by written notice to the Company (and to the CVR Trustee if such notice is given by the Holders), may, and the CVR Trustee at the request of such Holders, subject to it being indemnified and/or secured to its satisfaction, shall, declare all payments previously triggered by a CVR Triggering Event as of that date ("Triggered Payments") payable. Upon a declaration of acceleration, all Triggered Payments shall be immediately due and payable as an obligation that is *pari passu* with the Company's obligations under the New HY Notes and the New Convertible Bonds. If an Event of Default specified in clause (e) or (f) of Section 8.1 hereof occurs with respect to the Company or any Significant Restricted Subsidiary, all Triggered Payments shall be immediately due and payable without any declaration or other act on the part of the CVR Trustee or any Holder.

(b) Notwithstanding the provisions of Section 3.2 hereof and the foregoing, if the acceleration of any payments triggered by a CVR Triggering Event was due to the occurrence of an Event of Default specified in clause (c) or (g) of Section 8.1 hereof (or an Event of Default that would cause the Company's Common Shares to be suspended from trading on the Hong Kong Stock Exchange and other Qualified Exchanges either immediately or with notice and/or the passage of time), then such payments shall be made in cash. If such an Event of Default specified in clause (c) or (g) of Section 8.1 is subsequently cured, then the acceleration caused by such cured Event of Default and its consequences shall be rescinded and payments will be settled in accordance with Section 3.2 hereof with reference to the original date of any CVR Triggering Event that may have occurred. For the avoidance of doubt, the cure of any Event of Default specified in clause (c) or (g) of Section 8.1 shall not be effective to rescind an

acceleration caused by any other Event of Default that may exist at the time of such cure. Notwithstanding anything in this Section 8.2(b), the Company's ability to cure an Event of Default specified in clause (c) or (g) of Section 8.1 hereof shall in no way impede or prevent the enforcement by the CVR Trustee or the Holders of any rights or remedies hereunder at Law or equity at any time prior to such cure, including the enforcement of any judgment or decree of a court of competent jurisdiction for payment hereunder.

(c) Any Event of Default existing on the Exchange Date arising out of or related to a default, event of default or acceleration of Indebtedness under or failure to pay principal of, or interest or premium on, any Indebtedness of the Company's Subsidiaries that are incorporated in the PRC owed by such Subsidiaries to various financial institutions domiciled in the PRC ("Onshore Debt"), shall be deemed waived by all Holders, if, with respect to not less than 85% in aggregate principal amount of such Onshore Debt, as of the Exchange Date, either (i) such Onshore Debt is subject to binding documentation providing for its (A) restructuring or (B) refinancing or (ii) no default or event of default exists under such Onshore Debt, or will occur as a result of the transactions contemplated by the Schemes of Arrangement, and there are no events or circumstances (and no events or circumstances will arise as a result of the transactions contemplated by the Schemes of Arrangement) that would cause a default or event of default to occur under such Onshore Debt with or without the giving of notice or passage of time, or both. The Company shall deliver an Officers' Certificate to the CVR Trustee on the date of this Agreement confirming the foregoing provision has been met. For the avoidance of doubt, the waiver referred to in this Section 8.2(c) shall not apply to any Event of Default that occurs after the Exchange Date in respect of (I) any Onshore Debt or (II) any additional Indebtedness incurred after the Exchange Date by the Company's Subsidiaries that are incorporated in the PRC.

8.3 Collection by the CVR Trustee; the CVR Trustee May Prove Payment Obligations. The Company covenants that in the case of any failure to pay all or any part of the CVRs when the same shall have become due and payable, whether at a Settlement Date or otherwise, then upon demand of the CVR Trustee the Company shall pay to the CVR Trustee for the benefit of the Holders of the CVRs the whole amount that then shall have become due and payable on all CVRs; and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the CVR Trustee and each predecessor CVR Trustee, their respective agents, attorneys and external counsel, and any expenses and liabilities incurred, and all advances made, by the CVR Trustee and each predecessor CVR Trustee, except as a result of the CVR Trustee's negligence or willful misconduct.

In case the Company shall fail forthwith to pay such amounts upon such demand, the CVR Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at Law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company and collect in the manner provided by Law out of the property of the Company, wherever situated, the moneys adjudged or decreed to be payable.

In any judicial proceedings relative to the Company, irrespective of whether any amount is then due and payable with respect to the CVRs, the CVR Trustee is authorized:

(a) to file and prove a claim or claims for the whole amount owing and unpaid in respect of the CVRs, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the CVR Trustee (including any claim for reasonable compensation to the CVR Trustee and each predecessor CVR Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the CVR Trustee and each predecessor CVR Trustee, except as a result of the CVR Trustee's negligence or willful misconduct) and of the Holders allowed in any judicial proceedings relative to the Company or to its respective property;

(b) unless prohibited by and only to the extent required by applicable Law, to vote on behalf of the Holders in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings; and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Holders and of the CVR Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Holders to make payments to the CVR Trustee, and, in the event that the CVR Trustee shall consent to the making of payments directly to the Holders, to pay to the CVR Trustee such amounts as shall be sufficient to cover reasonable compensation to the CVR Trustee, each predecessor CVR Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the CVR Trustee and each predecessor CVR Trustee, except as a result of the CVR Trustee's negligence or willful misconduct, and all other amounts due to the CVR Trustee or any predecessor CVR Trustee pursuant to Section 4.7 hereof. To the extent that such payment of reasonable compensation, expenses, disbursements, advances and other amounts out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or safeguard arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the CVR Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, safeguard arrangement, adjustment or composition affecting the CVRs, or the rights of any Holder thereof, or to authorize the CVR Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Agreement, or under any of the CVRs, may be enforced by the CVR Trustee without the possession of any of the CVRs or the production thereof and any trial or other proceedings instituted by the CVR Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the CVR Trustee, each

predecessor CVR Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders.

In any proceedings brought by the CVR Trustee (and also any proceedings involving the interpretation of any provision of this Agreement to which the CVR Trustee shall be a party) the CVR Trustee shall be held to represent all the Holders, and it shall not be necessary to make any Holders of such CVRs parties to any such proceedings (unless required by applicable Law).

8.4 Application of Proceeds. Any monies collected by the CVR Trustee pursuant to this Article 8 in respect of any CVRs shall be applied in the following order at the date or dates fixed by the CVR Trustee upon presentation of the several CVRs in respect of which monies have been collected and stamping (or otherwise noting) thereon the payment in exchange for the presented CVRs if only partially paid or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses, including reasonable compensation to the CVR Trustee, each predecessor CVR Trustee, the CVR Agents and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the CVR Trustee, each predecessor CVR Trustee and the CVR Agents, and all other amounts due to the CVR Trustee, any predecessor CVR Trustee and the CVR Agents pursuant to Section 4.7 hereof and in respect of the CVR Agent Appointment Letter, as applicable;

SECOND: To the payment of the whole amount then owing and unpaid upon all the CVRs and in case such monies shall be insufficient to pay in full the whole amount so due and unpaid upon the CVRs, then to the payment of such amounts without preference or priority of any CVR over any other CVR, ratably to the aggregate of such amounts due and payable; and

THIRD: To the payment of the remainder, if any, to the Company or any other person lawfully entitled thereto.

8.5 Suits for Enforcement. In case an Event of Default has occurred, has not been waived and is continuing, the CVR Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Agreement by such appropriate judicial proceedings as the CVR Trustee shall deem most effectual to protect and enforce any of such rights (unless authorization and/or appearance of each of the Holders is required by applicable Law), either at Law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement or to enforce any other legal or equitable right vested in the CVR Trustee by this Agreement or by Law.

8.6 Restoration of Rights on Abandonment of Proceedings. In case the CVR Trustee or any Holder shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the CVR Trustee or to such Holder, then and in every such case the Company and the CVR Trustee and the Holders shall be restored respectively to their former

positions and rights hereunder, and all rights, remedies and powers of the Company, the CVR Trustee and the Holders shall continue as though no such proceedings had been taken.

8.7 Limitations on Suits by Holders. Subject to the rights of the Holders under Section 8.8 hereof, no Holder of any CVR shall have any right by virtue or by availing of any provision of this Agreement to institute any action or proceeding at Law or in equity or in bankruptcy or otherwise upon or under or with respect to this Agreement, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless: (i) such Holder previously shall have given to the CVR Trustee written notice of breach and of the continuance thereof, as hereinbefore provided; and (ii) such Holder shall have offered to the CVR Trustee such security and/or indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the CVR Trustee for fifteen (15) days after its receipt of such notice and request shall have failed to institute any such action or proceeding and no direction inconsistent with such written request shall have been given to the CVR Trustee pursuant to Section 8.10 hereof; it being understood and intended, and being expressly covenanted by the taker and Holder of every CVR with every other taker and Holder and the CVR Trustee, that no one or more Holders of CVRs shall have any right in any manner whatever by virtue or by availing of any provision of this Agreement to effect, disturb or prejudice the rights of any other such Holder of CVRs, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of CVRs. For the protection and enforcement of the provisions of this Section 8.7, each and every Holder and the CVR Trustee shall be entitled to such relief as can be given either at Law or in equity.

8.8 Unconditional Right of Holders to Institute Certain Suits. Notwithstanding any other provision in this Agreement and any provision of any CVR, the right of any Holder of any CVR to receive payment of the amounts payable in respect of such CVR on or after the respective due dates expressed in such CVR, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

8.9 Powers and Remedies Cumulative; Delay or Omission Not Waiver of Event of Default.

(a) Except as provided in Section 8.7 hereof, no right or remedy herein conferred upon or reserved to the CVR Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by Law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at Law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(b) No delay or omission of the CVR Trustee or of any Holder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 8.7 hereof, every power and remedy given by this

Agreement or by Law to the CVR Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the CVR Trustee or by the Holders.

8.10 Control by Holders.

(a) The Holders of at least a majority of the outstanding CVRs shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the CVR Trustee, or exercising any power conferred on the CVR Trustee with respect to the CVRs by this Agreement; provided that such direction shall not be otherwise than in accordance with Law and the provisions of this Agreement; and provided further that (subject to the provisions of Section 4.2 hereof) the CVR Trustee shall have the right to decline to follow any such direction if the CVR Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the CVR Trustee in good faith shall determine that the action or proceedings so directed would involve the CVR Trustee in personal liability or if the CVR Trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction would be unduly prejudicial to the interests of Holders of the CVRs not joining in the giving of said direction.

(b) Nothing in this Agreement shall impair the right of the CVR Trustee in its discretion to take any action deemed proper by the CVR Trustee and which is not inconsistent with such direction or directions by Holders.

8.11 Waiver of Past Events of Default. Other than in the case of a default or Event of Default specified in Section 8.1(a) hereof (the term “default” for the purposes of this Section 8.11 being hereby defined to mean any event or condition which is, or with notice or lapse of time or both would become, an Event of Default), the Holders of at least a majority in aggregate principal amount of the outstanding CVRs by written notice to the Company and to the CVR Trustee may, on behalf of all Holders, waive all past defaults and rescind and annul a declaration of acceleration and its consequences if (i) all existing Events of Default have been cured or waived, and (ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.12 The CVR Trustee to Give Notice of Event of Default, But May Withhold in Certain Circumstances. The CVR Trustee shall transmit to the Holders, at the names and addresses of such Holders as they appear on the CVR Register and as provided under Section 313(c) of the Trust Indenture Act, if applicable, notice by mail of all defaults which have occurred and are actually known to the CVR Trustee, such notice to be transmitted within ninety (90) days after the occurrence thereof, unless such defaults shall have been cured before the giving of such notice (the term “default” for the purposes of this Section 8.12 being hereby defined to mean any event or condition which is, or with notice or lapse of time or both would become, an Event of Default); provided that, except in the case of a failure to pay the amounts payable in respect of any of the CVRs, the CVR Trustee shall be protected in withholding such notice if and so long as the CVR Trustee in good faith determines that the withholding of such notice is in the interests of the Holders;

8.13 Right of Court to Require Filing of Undertaking to Pay Costs. All parties to this Agreement agree, and each Holder of any CVR by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement or in any suit against the CVR Trustee for any action taken, suffered or omitted by it as the CVR Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including attorneys’ fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 8.13 shall not apply to any suit instituted by the CVR Trustee, to any suit instituted by any Holder or group of Holders holding in the aggregate more than ten per cent (10%) of the CVRs outstanding or to any suit instituted by any Holder for the enforcement of the payment of any CVR on or after the due date expressed in such CVR.

ARTICLE IX MISCELLANEOUS

9.1 Termination. This Agreement shall terminate and the CVRs shall expire on the later of (1) December 31, 2021 and (2) the date on which the Company makes all amounts of payments required under the terms of this Agreement to the CVR Trustee. Upon termination of this Agreement, all rights and obligations of the Company and the CVR Trustee hereunder shall terminate (unless otherwise provided herein); *provided* that no such termination shall release any party from liability for breach of this Agreement.

9.2 Successors; Assignment. All the covenants and provisions of this Agreement by or for the benefit of the Company or the CVR Trustee shall bind and inure to the benefit of their respective successors, heirs and assigns.

The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of Holders that have been allocated not less than 75% of the outstanding CVRs. Any attempted assignment of this Agreement or any of such rights in violation of this Section 9.2 shall be void *ab initio* and of no effect.

9.3 Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by this Agreement shall (other than with respect to notices provided under Section 4.8(b), Section 5.3(a) and Section 8.12 hereof and Section 310(b), Section 313 and Section 315(b) of the Trust Indenture Act) be sufficient for every purpose hereunder if in writing and delivered personally, or sent by facsimile transmission, certified or registered mail (return receipt requested and first-class postage prepaid) or a nationally recognized overnight courier (with proof of service), addressed as follows:

If to the Company, to:

Kaisa Group Holdings Ltd.
Suite 2001, 20/F
Two International Finance Centre
8 Finance Street
Central, Hong Kong
Attn: Ms Gigi Lee

Facsimile: +852 3900 0990

If to the CVR Trustee, to:

US Bank, Global Corporate Trust Services, New York
100 Wall Street, 16th Fl.
New York, NY 10005
Ref: Kaisa CVR Trustee
Fax: +1 212 361 6153 or +1 212 809 4993

For the avoidance of any doubt, all notices shall be in writing in the English language.

9.4 Amendments.

(a) Amendments without Consent of Holders. The Company and the CVR Trustee may amend this Agreement without prior notice to or the consent of any Holder:

(i) to evidence the succession of another person as a successor CVR Trustee and the assumption by any successor of the covenants and obligations of the CVR Trustee herein;

(ii) to cure any ambiguity, to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, or to make any other

provisions with respect to matters or questions arising under this Agreement which the Company and the CVR Trustee may deem necessary or desirable; *provided* that, in each case, such provisions shall not adversely affect the interests of the Holders in any material respect;

(iii) as may be required to cause this Agreement and the CVRs to comply with the Trust Indenture Act of 1939, to the extent applicable;

(iv) as may be necessary or appropriate to ensure that the CVRs are not subject to registration under the Securities Act, or the Exchange Act; *provided* that such provisions shall not adversely affect the interests of the Holders in any material respect;

(v) for the purpose of adding, eliminating or changing any other provision of this Agreement; *provided* that such addition, elimination or change shall not adversely affect the interests of the Holders in any material respect; or

(vi) effect any changes to this Agreement in a manner necessary to comply with the procedures of Euroclear and Clearstream.

(b) Amendments with Consent of Holders. With the consent of the Holders holding not less than 50% of the outstanding CVRs, the Company and the CVR Trustee may enter into one or more amendments hereto for the purpose of adding, eliminating or changing any provisions of this Agreement or waive compliance with any provision hereof, even if such addition, elimination or change is materially adverse to the interests of the Holders; *provided*, however, that no such amendment or waiver may, without the consent of Holders of each outstanding CVR affected thereby:

(i) change the CVR Triggering Events, except in the case of adjustments pursuant to Section 6.1 hereof;

(ii) change the timing, amount or currency of any payment in respect of any CVR, including the definition of Fundamental Change;

(iii) impair the right to institute suit for the enforcement of any payment on or after the Settlement Date or Fundamental Change Payment Date;

(iv) waive a default in the payment of any amounts under this Agreement; or

(v) modify any of the provisions of this Section 9.4(b), except to increase the percentage of Holders from whom consent is required or to provide that certain other provisions of this Agreement cannot be modified or waived without the consent of the Holder of each CVR affected thereby.

(c) Execution of Amendments. In executing any amendment permitted by this Article 9, the CVR Trustee (subject to Section 4.2 hereof) shall be fully protected in relying upon (i) an Opinion of Counsel and Officers' Certificate stating that the execution of such amendment is authorized or permitted by this Agreement and (ii) if such amendment is executed pursuant to Section 9.4(b) hereof, evidence of the consent of the Holders required to consent

thereto. The CVR Trustee shall execute any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the CVR Trustee's own rights, duties or immunities under this Agreement or otherwise. Otherwise, the CVR Trustee may, but need not, execute such amendment.

(d) Effect of Amendments; Notice to Holders.

(i) Upon the execution of any amendment under this Article 9, this Agreement and the CVRs shall be modified in accordance therewith, and such amendment shall form a part of this Agreement and the CVRs for all purposes; and every Holder of CVRs theretofore or thereafter authenticated, as applicable, and delivered hereunder shall be bound thereby.

(ii) Promptly after the execution by the Company and the CVR Trustee of any amendment pursuant to the provisions of this Article 9, the Company shall mail a notice thereof by first-class mail to the CVR Agents and the Holders of CVRs at their addresses as they shall appear on the CVR Register, setting forth in general terms the substance of such amendment. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

(e) Conformity with Trust Indenture Act. Every amendment executed pursuant to this Article 9 shall conform to the applicable requirements of the Trust Indenture Act, if any.

(f) Reference in CVRs to Amendments. Global CVRs authenticated and delivered after the execution of any amendment pursuant to this Article 9 shall bear a notation as to any matter provided for in such amendment. If the Company shall so determine, new Global CVRs so modified as to conform, in the opinion of the Board of Directors and/or the Chief Executive Officer of the Company, to any such amendment may be prepared and executed by the Company, as applicable, and, on instruction by the Company, authenticated by the CVR Authenticating Agent and delivered by the CVR Registrar upon written direction of the Company with a copy to the CVR Trustee, in exchange for outstanding Global CVRs. Failure to make the appropriate notation or to issue a new Global CVR shall not affect the validity of such amendment.

(g) Record Date. The Company may set a record date for the purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Agreement, which date shall be, and shall be announced, no earlier than sixty (60) and no later than ten (10) days prior to the date of such vote or consent to any action by vote or consent authorized or permitted under this Agreement. If not previously set by the Company:

(i) the record date for determining the Holders entitled to vote at a meeting of Holders shall be the day preceding the date on which notice of such meeting is sent to the Holders, or if notice is not given, the second Business Day prior to the date on which such meeting is held; and

(ii) the record date for determining the Holders entitled to consent to any action in writing without a meeting shall be the first date on which a signed written

consent setting forth the action taken or proposed to be taken is delivered to the Company.

If a record date is fixed, those persons who were Holders of CVRs at such record date (or their duly designated proxies), and only those persons, shall be entitled to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such persons continue to be Holders after such record date.

9.5 Governing Law; Consent to Jurisdiction; Waiver of Immunities. THE VALIDITY, INTERPRETATION, AND PERFORMANCE OF THIS AGREEMENT AND OF THE CVRS SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE STATE OF NEW YORK. The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, this Agreement. The Company irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, trial by jury and any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Company has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Company irrevocably waives such immunity in respect of its obligations hereunder or under any CVR. The Company agrees that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Company and, to the extent permitted by applicable Law, may be enforced in any court to the jurisdiction of which the Company is subject by a suit upon such judgment or in any manner provided by Law; *provided* that service of process is effected upon the Company in the manner specified in the following subsection or as otherwise permitted by applicable Law.

The Company shall at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to this Agreement. Service of process upon such agent and written notice of such service mailed or delivered to the Company shall to the fullest extent permitted by applicable Law be deemed in every respect effective service of process upon the Company in any such legal action or proceeding. The Company hereby appoints National Corporate Research, Ltd. as its agent for such purpose (together with any successor appointment below, the “Process Agent”), and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent currently at 10 E 40th Street 10th Floor, New York, New York 10016. The Company waives, to the fullest extent permitted by Law, any other requirements of or objections to personal jurisdiction with respect thereto.

9.6 Effect of Headings. The headings contained in this Agreement are for convenience purposes only and will not in any way affect the meaning or interpretation hereof.

9.7 Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any person (other than the parties hereto, the Holders and their respective permitted successors and assigns hereunder) any benefit or any legal or equitable right, remedy or claim under this Agreement or under any covenant or provision herein contained, all such covenants and

provisions being for the sole benefit of the parties hereto, the Holders and their respective permitted successors, heirs and assigns.

9.8 Invalidity. If any provision of this Agreement is found by any court of competent jurisdiction to be invalid or unenforceable, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

9.9 Counterparts. This Agreement may be executed in two counterparts, each of which will be deemed an original, but all of which together will constitute but one and the same instrument.

9.10 Entire Agreement. This Agreement constitutes the entire agreement among the Company, the CVR Trustee and the Holders with respect to the subject matter hereof and supersedes any and all prior discussions, negotiations, proposals, undertakings, understandings and agreements, whether written or oral, with respect thereto. In the event that any provision of this Agreement conflicts with any other provision in the Schemes of Arrangement, the applicable provision in this Agreement shall control.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Company and the CVR Trustee have caused this Contingent Value Rights Agreement to be executed by their duly authorized representative as of the date first above written.

KAISA GROUP HOLDINGS LTD.
as Company

By: _____
Name:
Title:

U.S. Bank National Association
as CVR Trustee

By: _____
Name:
Title:

EXHIBIT A

FORM OF GLOBAL CVR

Kaisa Group Holdings Ltd.
232,621 Contingent Value Rights

THIS GLOBAL CVR IS A GLOBAL CVR WITHIN THE MEANING OF THE CONTINGENT VALUE RIGHTS AGREEMENT (THE “CVR AGREEMENT”) HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF. THIS GLOBAL CVR IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE CVR AGREEMENT, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE CVR AGREEMENT.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR CVRS IN DIRECT REGISTRATION FORM, THIS GLOBAL CVR MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS GLOBAL CVR IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CITIBANK EUROPE PLC (THE “COMMON DEPOSITARY”) AS COMMON DEPOSITARY FOR EUROCLEAR BANK SA/NV AND CLEARSTREAM BANKING, SA, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CITIVIC NOMINEES LIMITED OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO CITIVIC NOMINEES LIMITED OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CITIVIC NOMINEES LIMITED, HAS AN INTEREST HEREIN.

THE CVRS AND ANY SECURITIES TO BE ISSUED PURSUANT TO THE TERMS OF THE CVRS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”). THE CVRS HAVE BEEN ISSUED IN RELIANCE ON AN EXEMPTION PROVIDED BY SECTION 3(A)(10) OF THE ACT AND DO NOT CONSTITUTE “RESTRICTED SECURITIES” WITHIN THE

MEANING OF THE ACT. PERSONS WHO ARE OR WERE AFFILIATES OF KAISA GROUP HOLDINGS LTD. MAY BE REQUIRED TO COMPLY WITH CERTAIN RESALE RESTRICTIONS UNDER THE U.S. SECURITIES LAWS.

(LEGENDS MAY APPLY -- SEE COVER SHEET)

THIS CONTINGENT VALUE RIGHT WILL BE
VOID AT 4:00 P.M. HONG KONG TIME, ON
DECEMBER 31, 2021

Common Code: 138798950
ISIN Number: XS1387989509

KAISA GROUP HOLDINGS LTD.

GLOBAL CVR

REPRESENTING

232,621 CVRs

THIS CERTIFIES THAT, for value received Citivic Nominees Limited is the registered holder of a CVR or CVRs expiring December 31, 2021 (the “CVRs” and individually a “CVR”) of Kaisa Group Holdings Ltd., an exempted limited liability company incorporated under the laws of the Cayman Islands (the “Company”). Capitalized terms used and not defined herein have the meanings specified in the contingent value rights agreement (the “Contingent Value Rights Agreement”) dated July 21, 2016 between the Company and U.S. Bank National Association, as the CVR Trustee (the “CVR Trustee”). In the event of a conflict between this certificate and the Contingent Value Rights Agreement, the Contingent Value Rights Agreement shall prevail. The Company shall not be entitled to deliver any securities pursuant to the Contingent Value Rights Agreement unless the exercise of such CVRs is exempt from, or in compliance with, the registration requirements of the US Securities Act of 1933, as amended, and such securities are qualified for sale or exempt from qualification under the applicable securities Laws of the jurisdictions in which the various holders of CVRs or other persons to whom it is proposed that Common Shares be issued pursuant to the Contingent Value Rights Agreement reside.

The Contingent Value Rights Agreement provides that upon the occurrence of certain events certain payment shall be made to Holders, subject to certain conditions.

As provided in the Contingent Value Rights Agreement and subject to certain limitations therein set forth, the transfer of the CVRs represented by this Global CVR is registrable on the CVR Register.

As provided in the Contingent Value Rights Agreement and subject to certain limitations therein set forth, beneficial interests in this Global CVR are exchangeable for Direct Registration CVRs representing the same number of CVRs as represented by the beneficial interest in this Global CVR as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of CVRs, but the Company may require payment of a sum sufficient from the Holder to cover any documentary, stamp or similar tax or other similar governmental charge payable in connection with any

registration of transfer or exchange of CVRs, other than exchanges pursuant to Section 2.5 or 9.4(f) of the Contingent Value Rights Agreement not involving any transfer.

The Company, the CVR Trustee and any agent of the Company or the CVR Trustee shall treat the person in whose name this CVR is registered as the owner of such CVR for all purposes whatsoever, and neither the Company, the CVR Trustee nor any agent of the Company or the CVR Trustee shall be affected by, and/or obligated to take any steps in relation to, a notice to the contrary; *provided that*, the person in whose name any CVR is registered at the close of business on a Settlement Record Date, whether or not such day is a Business Day, with respect to any Settlement Date, shall be entitled to receive any cash payment or Common Shares, as applicable, due on such Settlement Date, notwithstanding any transfer or exchange of such CVR subsequent to such Settlement Record Date and prior to such Settlement Date.

This Global CVR and the CVRs do not entitle the registered holder of the CVRs to any of the rights of a stockholder of the Company.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Date:

KAISA GROUP HOLDINGS LTD.

By: _____

Name:

Title:

AUTHENTICATION OF CVR AUTHENTICATING AGENT

This is the Global CVRs described in the Contingent Value Rights Agreement.

Citibank, N.A., London Branch
as CVR Authenticating Agent

By: _____

Name:

Title:

SCHEDULE OF EXCHANGES AND/OR SETTLEMENT OF CVRS

The following changes in the aggregate number of CVRs represented by this Global CVR have been made:

<u>Date</u>	<u>Amount of decrease in aggregate number of CVRs</u>	<u>Amount of increase in aggregate number of CVRs</u>	<u>Outstanding Balance</u>
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TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Please print or typewrite name and address of assignee

the within CVRs and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said CVR with full power of substitution in the premises.

Date: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Date: _____

NOTICE: To be executed by an executive officer.

EXHIBIT B

FORM OF CVR AGENT APPOINTMENT LETTER

[FORM OF CVR AGENT APPOINTMENT LETTER TO BE INSERTED]

EXHIBIT C

FORM OF PAYMENT NOTICE

[DATE]

[US Bank, Global Corporate Trust Services, New York (the “**CVR Trustee**”)
Ref: Kaisa CVR Trustee
Fax: +1 212 361 6153 or +1 212 809 4993]¹⁴

Citibank, N.A., London Branch (the “**CVR Paying Agent**”)
Fax: +353 1 506 0339 and +353 1 622 2210

with a copy by fax to:
Attn: Agency & Trust
Fax: +852 2323 0279

Re: Kaisa Group Holdings Ltd.
Payment notice in respect of CVR Agent Appointment Letter

We refer to the contingent value rights agent appointment letter (the “**CVR Agent Appointment Letter**”) dated as of [●], 2016 with respect to the CVRs. Capitalized terms used but not defined herein have the meanings given to such terms in the CVR Agent Appointment Letter.

Pursuant to Section 1.8 of the CVR Agent Appointment Letter, we hereby [notify the CVR Paying Agent and the CVR Trustee that a cash payment in the amount of US\$[●] has been transferred to the designated account of the CVR Paying Agent for the purposes of a cash payment in respect of the CVRs on [payment date to the CVR Paying Agent] as a result of the occurrence of a CVR Triggering Event and]¹⁵ irrevocably authorize and instruct Citibank, N.A., London Branch, as the CVR Paying Agent, to make the following cash payment in respect of the CVRs as a result of the occurrence of a CVR Triggering Event:

Trigger date:	[●]
Payment amount per CVR:	US\$[●]
Total payment amount:	US\$[●]
Settlement date:	[●]
Remitting Bank:	[●]

¹⁴ For notice to CVR Trustee no later than 10:00 a.m. (London time) on the Business Day immediately preceding each date on which a cash payment in respect of the CVRs becomes due.

¹⁵ For notice to CVR Trustee no later than 10:00 a.m. (London time) on the Business Day immediately preceding each date on which a cash payment in respect of the CVRs becomes due.

Swift Code: [●]

Account Number: [●]

Ref.: [●]

(Signature page follows)

Very truly yours,

Kaisa Group Holdings Ltd.

By: _____
Authorised Signatory

REGISTERED OFFICE OF THE COMPANY

Kaisa Group Holdings Ltd.
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**TRUSTEE IN RESPECT OF
THE NEW HY NOTES**

Wilmington Trust, National Association
Rodney Square North
1100 North Market Street
Wilmington, DE 19890
United States of America

**TRUSTEE IN RESPECT OF
THE MEBs**

U.S. Bank National Association
100 Wall Street, 16th Fl.
New York, NY 10005
United States of America

**PAYING AGENT AND TRANSFER AGENT
FOR THE NEW HY NOTES AND PAYING
AGENT, TRANSFER AGENT AND
PRINCIPAL AGENT FOR THE MEBs**

Citibank, N.A., London Branch
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB, United Kingdom

REGISTRAR
Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt
Germany

COMMON SECURITY TRUSTEE

Citicorp International Limited
39th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

LEGAL ADVISORS TO THE COMPANY AND THE SUBSIDIARY GUARANTORS

*As to Cayman Islands and British
Virgin Islands law*

Harneys
3601 Two Exchange Square
8 Connaught Place
Central, Hong Kong

As to Hong Kong law

Tanner De Witt
1806, Tower Two
Lippo Centre
89 Queensway
Hong Kong

*As to New York, English and Hong
Kong law*

Ropes & Gray
41/F One Exchange Square
8 Connaught Place
Central, Hong Kong

**LEGAL ADVISORS TO THE NEW HY NOTE
TRUSTEE, THE COMMON SECURITY
TRUSTEE AND THE AGENTS**

Mayer Brown JSM
16th-19th Floors, Prince's Building
10 Chater Road
Central
Hong Kong

**LEGAL ADVISORS TO THE NEW MEB
TRUSTEE**

Moses & Singer LLP
405 Lexington Avenue
New York, NY 10174
United States of America