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新城發展
FUTURE
HOLDINGS

Future Land Development Holdings Limited

新城發展控股有限公司

(於開曼群島註冊成立的有限責任公司)

(股份代號：1030)

海外監管公告

本海外監管公告乃根據香港聯合交易所有限公司證券上市規則（「上市規則」）第13.10B條作出。

茲提述新城發展控股有限公司（「本公司」）日期為2018年1月30日的公告（「該公告」）及日期為2018年2月12日的公告，內容有關債券發行。除文義另有所指外，本公告所用所有詞彙與該公告所界定者具有相同涵義。

請參閱隨附有關債券的介紹上市文件（「介紹上市文件」），介紹上市文件自2018年5月8日起於新交所網站可供查閱。

於聯交所網站刊登介紹上市文件僅旨在向香港投資者同步發佈資訊及為遵守上市規則第13.10B條的規定，並無其他目的。

介紹上市文件並不構成於任何司法權區向公眾人士提呈出售任何證券的招股說明書、通告、通函、小冊子或廣告，或作為向公眾人士提呈以供認購或購買任何證券的邀請，亦不得視作公眾人士提呈認購或購買任何證券的邀請。

介紹上市文件不應視作認購或購買本公司任何證券的誘因，且並不存任何誘因。投資者不應按介紹上市文件所載資料作出任何投資決定。

承董事會命
新城發展控股有限公司
董事長
王振華

香港，2018年5月8日

於本公告日期，董事包括執行董事王振華先生、呂小平先生、陸忠明先生及陳偉健先生，非執行董事章晟曼先生及王曉松先生，獨立非執行董事陳華康先生、朱增進先生及鍾偉先生。

Regulation S Only

INTRODUCTORY DOCUMENT DATED 8 MAY 2018

FUTURE LAND DEVELOPMENT HOLDINGS LIMITED

HK\$2,346,000,000 2.25 per cent. Convertible Bonds due 2019

Guaranteed by

**Certain Subsidiary Guarantors
(as defined in the Terms and Conditions)**

NOTICE TO INVESTORS

This Introductory Document is issued in connection with the listing and quotation of the Bonds (as defined herein) on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) by way of an introduction (the “Introduction”) of, and contains certain information with regard to, the HK\$2,346,000,000 2.25 per cent. Convertible Bonds due 2019 issued by Future Land Development Holdings Limited (the “Issuer”) (the “Bonds”, which expression shall, except where otherwise indicated, include any further Bonds issued in accordance with Condition 17 of the Terms and Conditions of the Bonds (the “Terms and Conditions”) and consolidated and forming a single series with the Bonds). In addition, this Introductory Document also contains summary descriptions of the Issuer.

HK\$2,346,000,000 principal amount of the Bonds were issued on 12 February 2018 pursuant to a subscription agreement dated 30 January 2018 (the “Subscription Agreement”) between the Issuer, Hong Kong Achievement Development Limited and Hong Kong Prosperity Development Limited (the “Subsidiary Guarantors”), and Deutsche Bank AG, Hong Kong Branch, Citigroup Global Markets Limited, Huatai Financial Holdings (Hong Kong) Limited and Future Land Resources Securities Limited (collectively the “Managers”), as managers of the offering of the Bonds (the “Offering”).

Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Introductory Document. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Bonds, the Issuer, the Subsidiary Guarantors, their respective subsidiary companies (if any), their respective associated companies (if any), or the ordinary shares of nominal value HK\$0.001 each of the Issuer (the “Issuer Shares,” or an “Issuer Share” meaning any one of them).

There is no offering of the Bonds in connection with the Introduction in Singapore or elsewhere and no person should take the Introduction or this Introductory Document to be an offer of, or an invitation by or on behalf of the Issuer, the Subsidiary Guarantors or the Managers to purchase, any of the Bonds.

This Introductory Document does not contain any financial information or any business description (other than a summary description of the Issuer) of the Issuer and the Subsidiary Guarantors. This Introductory Document does not purport to nor does it contain all information in relation to the Issuer, the Subsidiary Guarantors, the Bonds or the Issuer Shares that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Bonds.

In respect of the availability of public information relating to the Issuer and the Subsidiary Guarantors, the attention of prospective investors is drawn to the section entitled “Investment Considerations – Investment Considerations relating to the Issuer – There may be limited publicly available information about the Group” below.

No person has been authorised to give any information or to make any representation other than those contained in this Introductory Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Subsidiary Guarantors or the Managers.

This Introductory Document (or any part hereof) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Subsidiary Guarantors, the Managers, the Trustee (as defined in “Summary of the Terms of the Bonds” below) or the Agents (“Agents” refers to the Principal Agent as defined in “Summary of the Terms of the Bonds” below, and any other agents who may be appointed by the Issuer and the Subsidiary Guarantors in connection with the Bonds) that any recipient of this Introductory Document should subscribe for or purchase any of the Bonds. A prospective purchaser shall make its own assessment based on information that it deems appropriate of the foregoing and other relevant matters including the financial condition, affairs, prospects and creditworthiness of the Issuer, the Subsidiary Guarantors and their respective subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Subsidiary Guarantors and their respective subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Subsidiary Guarantors, the Managers, the Trustee, the Agents or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Introductory Document (or any part hereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Introductory Document (or such part hereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Bonds by a recipient of this Introductory Document (or such part hereof).

The delivery of this Introductory Document (or any part hereof) shall not, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, operating results or general affairs of the Issuer, the Subsidiary Guarantor or any of their respective subsidiaries or associated companies (if any) or in the information herein since the date hereof, the date of such information, or the date on which this Introductory Document has been most recently amended or supplemented. Save as expressly stated herein, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Subsidiary Guarantors or any of their respective subsidiaries or associated companies (if any).

Any announcements or notices to investors in relation to the Bonds (if any) may be made via SGXNet (where if made, such announcements or notices are available on the website of the SGX-ST at www.sgx.com).

The distribution and publication of this Introductory Document in certain jurisdictions may be restricted by law. Any person(s) to whom this is sent shall not distribute or cause to be distributed this Introductory Document in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Bonds consult their own legal and other advisers before purchasing or acquiring the Bonds.

The Bonds and the Issuer Shares for which the Bonds are to be exchanged have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)), except in accordance with Regulation S. For a further description of certain restrictions on the offering, sale and resale of the Bonds and the Issuer Shares deliverable upon exchange of the Bonds, see “Transfer Restrictions” section below.

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SUMMARY OF THE TERMS OF THE BONDS

The following is a summary of the principal features of the Bonds. For a summary of the provisions relating to the Bonds whilst in global form, see “Summary of Provisions Relating to the Bonds in Global Form” below. Terms defined under the Terms and Conditions or elsewhere in this Introductory Document shall have the same respective meanings in this summary. The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Introductory Document.

Issuer	Future Land Development Holdings Limited Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-11112, Cayman Islands
Initial Subsidiary Guarantors . . .	Hong Kong Prosperity Development Limited Room 3703, 37/F, The Center, 99 Queen’s Road, Central, Hong Kong Hong Kong Achievement Development Limited Room 3703, 37/F, The Center, 99 Queen’s Road, Central, Hong Kong
The Bonds	HK\$2,346,000,000 2.25 per cent. Convertible Bonds due 2019 (the Bonds, which expression shall, except where otherwise indicated, include any further Bonds issued in accordance with Condition 17 of the Terms and Conditions of the Bonds) and consolidated and forming a single series with the Bonds). As of the date of this Introductory Document, none of the Bonds have been converted into Issuer Shares.
Initial Closing Date	12 February 2018
Maturity Date	10 February 2019
Issue Price	100 per cent. of the principal amount of the Bonds.
The Offering	The Bonds and the Issuer Shares for which the Bonds are convertible have only been offered by the Managers outside the United States in accordance with Regulation S under the Securities Act.
Interest	2.25 per cent. per annum, payable in arrears on August 12, 2018 and on Maturity Date.

Status The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the provision relating to the covenants in the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Guarantee Each Subsidiary Guarantor unconditionally and irrevocably guarantees the due payment of sums expressed to be payable by the Issuer under the Trust Deed and the Bonds (the “Subsidiary Guarantees”). The Subsidiary Guarantee of each Subsidiary Guarantor constitutes direct, unconditional and unsubordinated obligations of such Subsidiary Guarantor and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of such Subsidiary Guarantor under its Subsidiary Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

The initial Subsidiary Guarantors consists of all of the Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC and certain other Restricted Subsidiaries as described under the Terms and Conditions.

The initial Subsidiary Guarantors are holding companies that do not have significant operations. See “Investment Considerations – Investment Considerations relating to the Guarantees and the Collateral – Issuer’s initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.”

Any Subsidiary that Guarantees the obligations of the Issuer under the Issuer’s U.S. dollar denominated 5.0 per cent. senior notes due 2020 (the “2020 Notes”) after the Issue Date provides a Subsidiary Guarantee; provided that such Subsidiary only provides a JV Subsidiary Guarantee, if it also only provided a “JV subsidiary guarantee” (as such term is defined in the Trust Deed constituting the 2020 Notes) under the 2020 Notes.

Collateral The Issuer has pledged the shares of the Subsidiary Guarantors to secure the obligations of the Issuer under the 2020 Notes and pursuant to the Trustee acceding to the Intercreditor Agreement on behalf of the holders of the Bonds (the “Bondholders”), the Bondholders are entitled to share in the benefit of the pledge of such collateral on a pari passu basis with the holders of the 2020 Notes and any holders of other indebtedness as permitted under the terms and conditions of the 2020 Notes.

Covenants The Bonds, the Trust Deed and the Subsidiary Guarantees limits the Issuer’s ability and the ability of its Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- enter into transactions with shareholders or affiliates;
- create liens;
- enter into sale and leaseback transactions;
- sell assets; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in the Terms and Conditions.

Negative Pledge If, on any date following the date of the Trust Deed, the 2020 Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing (a “Suspension Event”), so long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer does not and ensures that none of its Subsidiaries create or have outstanding, any mortgage, charge, lien, pledge or other security interest 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 Liens on the Collateral that are created pursuant to the Terms and Conditions), 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 equally and rateably or (b) such other security as either (i) the Trustee shall in its absolute discretion deem 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.

Events of Default For a description of those events that permit acceleration of the Bonds by the Trustee, see “Terms and Conditions of the Bonds – Events of Default” below. Upon acceleration for any such event by the Trustee, the principal of, premium, if any, and accrued and unpaid interest on the Bonds will be immediately due and payable.

Final Maturity Unless the Bonds have been exchanged, redeemed or purchased and cancelled, the Bonds will be redeemed by the Issuer on 10 February 2019 (the “Maturity Date”) at 100 per cent. of their principal amount.

Redemption for Relevant Event Following the occurrence of a Relevant Event (as defined below), each Bondholder has the right at such Bondholder’s option, to require the Issuer to redeem all or some only of such Bondholder’s Bonds on the redemption date at a redemption price of 100 per cent. of their principal amount together with interest accrued but unpaid to such redemption date (if any).

“Relevant Event” occurs: (i) when the Issuer Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 30 consecutive trading days on the Stock Exchange or, if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions); or (ii) when there is a Change of Control (as defined in the Terms and Conditions).

**Clean up Redemption at the
Option of the Issuer**

On giving not less than 30 nor more than 60 days' notice to the Trustee in writing and to the Bondholders in accordance with the Terms and Conditions, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date specified in such notice at a redemption price of 100 per cent. of their principal amount together with interest accrued but unpaid to such redemption date (if any) at any time if, immediately prior to the date the relevant notice is given, at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Withholding Taxes

All payments under or in respect of the Bonds shall be made without deduction of or withholding for or on account of any present or future taxes imposed or levied by or on behalf of Hong Kong, the PRC or the Cayman Islands or the relevant jurisdiction or incorporation of each relevant Subsidiary Guarantor, or any authority thereof of herein having power to tax, unless such deduction or withholding is compelled by law. In the event that any such deduction or withholding is compelled, the Issuer or, as the case may be, the Subsidiary Guarantors shall pay additional amounts in respect thereof, subject to certain exceptions.

Tax Redemption.

The Issuer may redeem in whole, but not in part, the Bonds, at its option, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and to the Bondholders in accordance with the Terms and Conditions at a redemption price of 100 per cent. of their principal amount as at the relevant redemption date together with interest accrued but unpaid to such date (if any), if the Issuer or any Subsidiary Guarantor satisfies the Trustee immediately prior to the giving of such notice that (a) it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or the Cayman Islands or the relevant jurisdiction of each relevant Subsidiary Guarantor or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after January 29, 2018, and (b) such obligation cannot be avoided by the Issuer or any Subsidiary Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

If the Issuer gives such notice of redemption, each Bondholder has the right to elect that his/her Bond(s) shall not be redeemed. In that case, all payment made to an electing Bondholder after the tax redemption date is made subject to the deduction or withholding of the tax required to be withheld or deducted and no additional tax amounts shall be payable by the Issuer with respect thereto.

Conversion Right Subject to and upon compliance with the Terms and Conditions, a Bondholder has the right to convert any Bonds it holds into Issuer Shares (the “Conversion Right”), at the option of the Bondholder, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Terms and Conditions) on or after 41 days after the date of issue (both days inclusive) of the Bonds up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling seven days prior to the Maturity Date (both days inclusive) (but, except as provided in the Terms and Conditions, in no event thereafter), or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof.

The number of Issuer Shares to be issued on exercise of a Conversion Right is determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the relevant conversion date in respect of such Bonds.

Conversion Shares A maximum of 223,513,719 Issuer Shares are allotted and issued (upon full exercise of the conversion rights attached to the Bonds at the initial Conversion Price of HK\$10.496 each).

Conversion Price The price at which Conversion Shares are issued upon conversion is initially HK\$10.496 per Conversion Share, but will be subject to adjustment in certain circumstances, among others, (i) consolidations, subdivision, redesignation or reclassification; (ii) capitalization of profits or reserves; (iii) distributions; (iv) rights issue of Issuer Shares or options over Issuer Shares; (v) rights issues of other securities; (vi) issues at less than 95 per cent. of the Current Market Price (as defined in the Terms and Conditions); (vii) other issues at less than 95 per cent. of the Current Market Price; (viii) modification of rights of conversion etc.; (ix) other offers to Shareholders; (x) adjustment upon Change of Control (as defined in the Terms and Conditions) and (xi) other events determined by the Issuer that an adjustment should be made to the Conversion Price.

The Issuer undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal or par value of the Issuer Shares as a result of any adjustment stated in the Terms and Conditions unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non assessable Issuer Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

Ranking of Conversion Shares . . . The Conversion Shares when issued and delivered in the manner contemplated by the Bonds and the Trust Deed shall rank pari passu with the Issuer Shares in issue on the date the holder of such Issuer Shares is registered as such in the Issuer's register of members, except for any rights excluded by mandatory provisions of applicable law and except that such Conversion Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the date the holder of such Issuer Shares is registered as such in the Issuer's register of members.

Further Issues The Issuer may from time to time without the consent of Bondholders create and issue further Bonds.

Governing Law The Bonds, the Trust Deed and the Agency Agreement are governed by English law.

Form and Denomination The Bonds are in registered form in the denomination of HK\$1,500,000 and integral multiples of HK\$10,000 in excess thereof.

The Bonds are represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A.

Trustee The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom

Principal Agent The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom

Listing Approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST. The Bonds are traded on the SGX-ST in a minimum board lot size of HK\$100,000 with a minimum of 15 lots to be traded in a single transaction for so long as the Bonds are listed on the SGX-ST.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption in the event that a Global Certificate is exchanged for definitive Certificates. In addition, in the event that a Global Certificate is exchanged for definitive Certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore.

The issued Issuer Shares are listed on the HKEx (the “HKEx”).

Clearing and Security

Identification

The Bonds have been accepted for clearing by Euroclear and Clearstream, Luxembourg under the following Common Code and International Securities Identification Number:

Common Code: 176645792

ISIN: XS1766457920

Transfer Restrictions

Please refer to “Transfer Restrictions” below.

Selling Restrictions

Please refer to “Selling Restrictions” below.

INVESTMENT CONSIDERATIONS

Notwithstanding that this Introductory Document does not contain all information in relation to the Issuer, the Subsidiary Guarantors, the Bonds or the Issuer Shares that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Bonds, prior to making such a decision, prospective investors of the Bonds should carefully consider all the information set forth in this Introductory Document including the investment considerations set forth below. THIS INTRODUCTORY DOCUMENT DOES NOT SET OUT ANY INVESTMENT CONSIDERATIONS RELATING TO THE BUSINESSES OF THE ISSUER OR THE SUBSIDIARY GUARANTORS, and the investment considerations set out below do not purport to be complete or comprehensive in terms of all the investment considerations that may be involved in the businesses of the Issuer, the Subsidiary Guarantors, their subsidiaries and associated companies (the "Group") or the Issuer Shares or any decision to purchase, own or dispose of the Bonds. There may also be additional investment considerations which the Issuer, the Subsidiary Guarantors or the Managers are currently unaware of or which are not disclosed herein, which may also impair the businesses, financial conditions, performance or prospects of the Issuer, or the Subsidiary Guarantors, or the Group or affect the market price of, liquidity and/or trading in, the Bonds and the Issuer Shares.

Limitations of this Introductory Document

This Introductory Document does not contain any financial information or any business description (other than a summary description of the Issuer) of the Issuer, the Subsidiary Guarantors and the Group. This Introductory Document does not purport to nor does it contain all information in relation to the Issuer, the Subsidiary Guarantors, the Bonds or the Issuer Shares that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Bonds.

This Introductory Document (or any part hereof) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Subsidiary Guarantors, the Group, the Managers, the Trustee or the Agents that any recipient of this Introductory Document or any such other document or information (or such part thereof) should subscribe for or purchase any of the Bonds. Each person receiving this Introductory Document acknowledges that such person has not relied on any of the Issuer, the Subsidiary Guarantors, the Group, the Managers, the Trustee or the Agents or any person affiliated with each of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision.

Any recipient of this Introductory Document contemplating subscribing for or purchasing any of the Bonds should determine for itself the relevance of the information contained herein and any such other document or information (or any part thereof) and its investment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the prospects and creditworthiness of the Issuer, the Subsidiary Guarantors, the Group, the Terms and Conditions, the Issuer Shares and any other factors relevant to its decision, including the merits and risks involved.

Investment Considerations relating to the Issuer

There may be limited publicly available information about the Group.

The Issuer is a company publicly listed on the HKEx, accordingly, the Issuer is required to publicly disclose certain reports and information relating to the Group to the HKEx in accordance with the listing rules of the HKEx. However, there is no obligation on the Issuer to make any information available to the Bondholders at any time, except to the extent required under the Terms and Conditions and the Trust Deed. To the extent that purchasers of the Bonds rely or intend to rely on such publicly available information, they should have regard to the scope and extent of the disclosure requirements that are imposed by applicable Hong Kong law and regulations on the Issuer, in particular, the listing rules of the HKEx, and assess the relevance and adequacy of such publicly available information accordingly. There can be no assurance that the publicly available information relating to the Group is or will be complete or current for the purposes of assisting a prospective investor in making an investment decision in relation to the Bonds.

There are no assurances given with respect to credit ratings assigned to the Issuer.

The Issuer has been assigned a corporate rating of “Ba2” by Moody’s Investors Service, Inc. (“Moody’s”), “BB” by Standard & Poor’s Ratings Services (“Standard & Poor’s”) and “BB” by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold the Bonds. Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to assign credit ratings. Moreover, no assurances can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to assign such credit ratings. Neither the Issuer has any obligation to inform Bondholders of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Issuer may adversely affect the market price of the Bonds. Moreover, the Issuer’s credit ratings do not reflect the potential impact related to market or other considerations discussed above relating to the Bonds.

The Issuer is a holding company and payments with respect to the Bonds are structurally subordinated to liabilities, contingent liabilities and obligations of its subsidiaries.

The Issuer is a holding company with no material operations. It conducts operations through its PRC subsidiaries. The Bonds will not be guaranteed by any current or future PRC subsidiaries. The Issuer’s primary assets are ownership interests in its PRC subsidiaries, which are held through the Subsidiary Guarantors and certain Non-Guarantor Subsidiaries (as defined in the Terms and Conditions). The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, the Issuer’s ability to pay principal and interest on the Bonds and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or the JV Subsidiary Guarantees (as the case may be) will depend upon distributions of dividends from the Issuer’s subsidiaries.

Creditors, including trade creditors, of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities would have a claim on the Non-Guarantor Subsidiaries’ assets that would be prior to the claims of holders of the Bonds. As a result, the Issuer’s payment obligations under the Bonds will be effectively subordinated to all existing and future obligations of its Non-Guarantor Subsidiaries and all claims of creditors of its Non-Guarantor Subsidiaries have priority as to the assets of such entities over

the Issuer's claims and those of its creditors, including holders of the Bonds. The Bonds and the Trust Deed permit the Issuer, 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 Issuer's secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to the Issuer'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 Bonds.

Under the terms of the Bonds, a Subsidiary Guarantee is required to be provided by a subsidiary of the Issuer under the terms of the Bonds may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee. See "Investment Considerations – Investment Considerations relating to the Guarantees and the Collateral – Issuer's initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees." Recovery under a JV Subsidiary Guarantee is limited to an amount equal to the Issuer's proportional interest in the issued share capital of such Subsidiary Guarantor, or 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 Issuer. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect the ability to recover any amounts due under the Bonds.

The Issuer has substantial indebtedness, including that under the 2020 Notes, and may incur substantial additional indebtedness in the future, which could adversely affect the Issuer's financial health and its ability to generate sufficient cash to satisfy outstanding and future debt obligations.

The Issuer now has, and will continue to have after the offering of the Bonds, a substantial amount of indebtedness. The Issuer's substantial indebtedness could have important consequences for the holders of the Bonds. For example, it could:

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

In the future, the Issuer may from time to time incur substantial additional indebtedness (including bank borrowings and/or onshore or offshore bond offerings) and contingent liabilities. Under the Introductory Document, the Issuer's ability to incur additional debt is subject to limitations on indebtedness and preferred stock covenant. Under such covenant, the Issuer may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if the Issuer can, among other things, satisfy the Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges. Because the Issuer's definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) for the Bonds includes its unrealized gains on fair value adjustments on its investment properties, the Issuer's Consolidated EBITDA and therefore its ability to incur additional debt under such covenants could be substantially larger when compared to certain other similarly situated senior notes issuers whose covenants do not typically include such unrealized gains in the definition of consolidated net income. In addition, because the Issuer's definition of Consolidated Interest Expense for the Bonds excludes the interest expense on indebtedness of third parties that the Issuer guarantees (except to the extent that such interest expense has become payable by the Issuer), the Issuer's Consolidated Interest Expense and its ability to incur additional debt could be even larger when compared to certain other similarly situated senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If the Issuer or its subsidiaries incur additional debt, the risks that it faces as a result of its already substantial indebtedness and leverage could intensify.

The Issuer'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 its control. The Issuer anticipates that its operating cash flow will be sufficient to meet its anticipated operating expenses and to service its debt obligations as they become due. However, the Issuer may not be able to generate sufficient cash flow for these purposes. If the Issuer is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, the terms of the Trust Deed governing the Bonds prohibit the Issuer from incurring additional indebtedness unless (i) its able to satisfy certain financial ratios or (ii) its able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratio requirements, and meet any other applicable restrictions. The Issuer's ability to meet its financial ratios may be affected by events beyond its control. The Issuer might not be able to meet these ratios. Certain of the Issuer's existing financing arrangements also impose operating and financial restrictions on its business. Such restrictions in the Trust Deed and its other financing arrangements may negatively affect its ability to react to changes in market conditions, take advantage of business opportunities it believes to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in its business or the general economy. Any of these factors could materially and adversely affect the Issuer's ability to satisfy its obligations under the Bonds and other debt.

To service the Issuer's indebtedness, it will require a significant amount of cash. Its ability to generate cash depends on many factors beyond its control.

The Issuer's ability to make payments on and to refinance its indebtedness, including these Bonds, and to fund planned capital expenditures and project development will depend on its ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control.

The Issuer's business might not generate sufficient cash flow from operations to enable it to pay its indebtedness, including the Bonds, or to fund its other liquidity needs. The Issuer may need to refinance all or a portion of its indebtedness, including the Bonds, on or before maturity. The Issuer might not be able to refinance any of its indebtedness on commercially reasonable terms or at all. If the Issuer is unable to service its indebtedness or obtain refinancing on terms acceptable to the Issuer, it may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Issuer may designate members of the Restructuring Group (as defined in the Terms and Conditions) as Unrestricted Subsidiaries under the Terms and Conditions and the Trust Deed if and when it decides to proceed with the Restructuring.

Although the Issuer does not have any specific plan yet, it may designate members of the Restructuring Group as Unrestricted Subsidiaries under the Terms and Conditions and the Trust Deed, if and when it considers appropriate, subject to certain conditions, including, among others, that the Issuer's Board of Directors has determined in good faith that the designation of Unrestricted Subsidiaries is necessary to obtain approval from the relevant stock exchange for the Restructuring. Following such designation:

- the business, assets and liabilities of such entity will no longer be part of the credit underlying the Bonds;
- such entity will not be subject to the restrictive covenants applicable to Restricted Subsidiaries under the Introductory Document;
- interest expenses on Indebtedness (as defined in the Terms and Conditions) of such entity will not be included in the calculation of the Issuer's Consolidated Interest Expense (as defined under the Terms and Conditions), other than such interest expenses on Indebtedness that is Guaranteed and payable by the Issuer or a Restricted Subsidiary;
- the net income of the Restructuring Group will not be included in the calculation of the Issuer's Consolidated Net Income and Consolidated EBITDA under the Terms and Conditions except to the extent of the cash actually distributed to the Issuer or any Restricted Subsidiary as a dividend or other distribution from the Restructuring Group;
- any Investment by the Issuer or any Restricted Subsidiary in the Restructuring Group would need to satisfy Clause 4(B) "Limitation on Restricted Payments" of the Terms and Conditions; and
- future transactions between the Issuer or any Restricted Subsidiary on the one hand and any member of the Restructuring Group on the other will need to comply with the requirements in the Clause 4(F) "Limitation on Transactions with Shareholders and Affiliates" of the Terms and Conditions, except for those that (i) are entered into in connection with the Restructuring, or (ii) are entered into in the ordinary course of business, on fair and reasonable terms and are disclosed in the offering documents issued in connection with the Restructuring, or any amendment, modification, extension or replacement thereof, subject to certain conditions.

As a result of any such designation, the value of assets subject to the restrictive covenants under the Terms and Conditions and the Trust Deed may decrease and the market price and trading of the Bonds may be materially affected. Accordingly, investors are cautioned as to the Issuer's intended initial designation of Unrestricted Subsidiaries under the Terms and Conditions and the Trust Deed, notably the subsidiaries within the Restructuring Group, and its ability to designate further Unrestricted Subsidiaries subject to the conditions set forth in the Terms and Conditions and the Trust Deed.

The Issuer's subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer and its subsidiaries.

As a holding company, the Issuer currently does not have any substantial business operation, and it does not plan to so in the near future. As a result, the Issuer depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, including its PRC subsidiaries, to satisfy its obligations. If the Issuer is unable to receive dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, it may not be able to meet its obligations under the Bonds. The ability of the Issuer's subsidiaries to pay dividends and to make payments on intercompany loans or advances to their shareholders is subject to, among other things, their distributable earnings and cash flow conditions, restrictions contained in the articles of association and the financing agreements entered into by its subsidiaries and applicable laws. These restrictions could reduce the amounts that the Issuer receives from its subsidiaries, which would restrict its ability to satisfy its obligations. Further, some of its subsidiaries are restricted from distributing dividends until their existing indebtedness is paid off and they start to generate profit. In addition, if any of the Issuer'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 Issuer to make payments on the Bonds. Furthermore, most of the Issuer's PRC subsidiaries are held through its A-share listed subsidiary, Future Land Holdings. As an A-share listed company, Future Land Holdings is subject to PRC securities laws and the listing rules of Shanghai Stock Exchange, which may place more restrictions on its ability to declare and issue dividends as compared to the Issuer's non-public PRC subsidiaries. In addition, given that Future Land Holdings is not 100 per cent. controlled by the Issuer, it will only be entitled to receive a portion of any dividends issued by Future Land Holdings. These restrictions could reduce the amounts that the Issuer receives from its subsidiaries, which would restrict its ability to meet its payment obligations under the Bonds and the obligations of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRSs in certain significant respects, including the use of different bases of recognition of revenue and expenses. The Issuer'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 Issuer's PRC project companies may pay dividends only after they have completed the development of the project (or at least the development of a phase or a stand-alone tower or building), collected payment and completed the required government tax clearance and foreign exchange procedures. In addition, dividends paid by the Issuer's PRC subsidiaries to their non-PRC parent company are subject to a 10 per cent. 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 arrangements relating to the avoidance of double taxation between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25 per cent. or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5 per cent. However, according to the Circular on Interpretation and Determination of

the “Beneficial Owners” Under Tax Treaties (國家稅務總局關於如何理解和認定稅收協定中“受益所有人”的通知) (國稅函[2009]601號) from SAT dated October 27, 2009, tax treaty benefits are not available to conduit or shell companies without substantive business activities. Therefore, it is unclear whether dividend payments made by the Issuer’s PRC subsidiaries to its Hong Kong subsidiary (which holds the equity interests in its PRC subsidiaries) will qualify for the 5 per cent. rate in any particular year. As a result of such restrictions, there could be limitations, including timing limitations, on the Issuer’s ability to receive payments from the Issuer’s PRC subsidiaries to meet its payment obligations under the Bonds and the obligations of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, and there could be restrictions on payments required to redeem the Bonds at maturity or as required for any early redemption.

Furthermore, although the Issuer currently does not have any offshore shareholder loan to its PRC subsidiaries, the Issuer may resort to such offshore lending in the future, rather than equity contributions, to the Issuer’s PRC subsidiaries to finance their operations. In such event, the market interest rates that the Issuer’s PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholder loans paid by the Issuer’s subsidiaries, therefore, are likely to be lower than the interest rate for the Bonds. The Issuer’s PRC subsidiaries are also required to pay withholding tax at a rate of 10 per cent. (or a lower treaty rate, if any) on its 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 China) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with the State Administration of Foreign Exchange of the PRC (“SAFE”), as well as any other documents that SAFE or its local branch may require.

As a result of the foregoing, the Issuer cannot assure that it will have sufficient cash flow from dividends or payments on intercompany loans or advances from its subsidiaries to satisfy the Issuer’s obligations under the Bonds or the obligations of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be.

Under PRC regulations, the Issuer may not be able to transfer to its PRC subsidiaries proceeds from this offering in the form of a loan, which could impair its ability to make timely payments of interest, or even principal, under the Bonds.

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China are considered foreign debt, and such debt must be registered with the relevant local branches of SAFE. In April 2013, the SAFE issued the Administrative Measures for Registration of Foreign Debt (外債登記管理辦法) (匯發[2013]19號) and Guidelines on the Administration of Registration of Foreign Debt (外債登記管理操作指引) (匯發[2013]19號), which provide that (inter alia) (i) the SAFE will not process a foreign debt registration of any foreign invested real estate enterprise which obtained its certificate of authorization and completed the filing procedures with MOFCOM on or after June 1, 2007; (ii) foreign invested real estate enterprises established prior to June 1, 2007 may borrow foreign debt up to an amount not exceeding the difference between its total investment and registered capital; and (iii) a foreign invested real estate enterprise that has not fully paid up its registered capital or obtained land use rights certificates, or the paid-in capital of its development projects is less than 35 per cent. of the total investment of such projects is not allowed to borrow foreign debt. The Issuer’s subsidiary, Wealth Zone Development Holdings Co., Ltd. has been a foreign invested-enterprise since August 2003. Therefore, the proceeds of this offering can be transferred to it as loans. However, the amount of the loans shall not exceed the difference between its total investment and registered capital, and such loans are required to be registered with the relevant local branches of SAFE.

In addition, equity contributions by the Issuer and its non-PRC subsidiaries to the Issuer's PRC subsidiaries will require approvals from the commerce department of the local government or filing with the local branch of SAFE and MOFCOM, which may take considerable time and result in delays in receiving the contribution. This may in turn adversely affect the financial condition of the PRC subsidiaries and cause delays to the developments undertaken by such PRC subsidiaries. The Issuer may not be able to obtain the necessary approvals for its PRC subsidiaries at all.

Further, the PRC government may introduce new policies that could further restrict the Issuer's ability to use funds raised outside China. Therefore, the Issuer may not be able to use all or any of the funds that it raises outside China as intended.

Fluctuations in the value of the Renminbi may have a material adverse impact on an investment.

Substantially all of the Issuer's revenue and expenditures are denominated in Renminbi, while the net proceeds from this offering and any interest the Issuer pays on the Bonds will be in U.S. dollars. Fluctuations in the exchange rate between the Renminbi and U.S. dollars will affect the relative purchasing power in Renminbi terms of the proceeds from this offering. Fluctuations in the exchange rate may also cause the Issuer to incur foreign exchange losses and affect the relative value of any dividend issued by its PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to U.S. dollars would affect the Issuer's financial results in U.S. dollars terms without giving effect to any underlying change in to the Issuer's business or results of operations. Moreover, because the functional currency of the Issuer and all of its subsidiaries is the Renminbi, the balance and certain amounts due to related parties denominated in a foreign currency are subject to translation at each reporting date, which could affect the Issuer's business, financial condition and results of operations. Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. Since July 2005, the Renminbi has not been pegged to the U.S. dollars. In August 2015, the Renminbi experienced a substantial devaluation as a result of adjustments made by the People's Bank of China to the reference Renminbi to U.S. dollar exchange rate. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

There are limited hedging instruments available in China to reduce the Issuer's exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, the Issuer has not entered into any hedging transactions in an effort to reduce the Issuer's exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and the Issuer may not be able to hedge its exposure successfully, or at all.

Interest payable by the Issuer to its foreign investors and gain on the sale of its Bonds may become subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law and PRC Individual Income Tax Law, if the Issuer is deemed a PRC resident enterprise, the interest payable on the Bonds will be considered to be sourced within China. Unless there are applicable income tax treaties or agreements, such interest payable by the Issuer to investors will be subject to a 10 per cent. PRC income tax in the case of non-resident enterprises or 20 per cent. in the case of non-resident individuals. Such "non-resident enterprise" refer to investors who do not have an establishment or place of business in China or, if there is such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Such "non-resident individuals" refer to individuals who have no domicile and do not stay in the territory

of China or who have no domicile but have stayed in the territory of China for less than one year shall pay individual income tax in accordance with the provisions of PRC Individual Income Tax Law for his incomes obtained in the territory of China. Similarly, any gain realized on the transfer of the Bonds by such investors will also be subject to PRC income tax if such gain is regarded as income derived from sources within China. It is uncertain whether the Issuer will be considered a PRC “resident enterprise,” so it is unclear whether the interest payable to the foreign investors, or the gain the foreign investors may realize from the transfer of the Bonds, would be treated as income sourced within China and be subject to PRC tax. If the Issuer is required under the PRC EIT Law or PRC Individual Income Tax Law to withhold PRC income tax on the interest payable to the foreign investors who are “non-resident enterprises” or “non-resident individuals”, the Issuer will be required to pay such additional amounts as are necessary to ensure receipt by the holder of the full amount which the holder would have received but for such withholding. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds and could have a material adverse effect on the Issuer’s ability to pay interest on, and repay the principal amount of, the Bonds, as well as the Issuer’s profitability and cash flows. In addition, if a Bondholder is required to pay PRC income tax on the transfer of the Issuer’s Bonds, the value of the investment in the Issuer’s Bonds may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC “resident enterprise,” holders of the Issuer’s Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

The Issuer may be able to redeem the Bonds in whole at a redemption price equal to 100 per cent. of the principal amount plus accrued and unpaid interest in the event the Issuer is required to pay additional amounts as a result of future changes in law.

As described under “Terms and Conditions of the Bonds – Redemption for Taxation Reasons,” in the event the Issuer is required to pay additional amounts as a result of future changes in specified tax law or future changes in the existing official position or the stating of an official position regarding the application or interpretation of such law tax that results in the Issuer being required to withhold tax on interest payments due to the Issuer being treated as a PRC resident enterprise, the Issuer may redeem the Bonds in whole at a redemption price equal to 100 per cent. of the principal amount plus accrued and unpaid interest.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from those of another jurisdiction with which holders of the Bonds are familiar.

Because the Issuer and some of the Subsidiary Guarantors are incorporated, and the JV Subsidiary Guarantors (if any) may be incorporated, under the laws of the Cayman Islands or Hong Kong, an insolvency proceeding relating to the Issuer or any such Subsidiary Guarantor or JV Subsidiary Guarantor, would likely involve Cayman Islands or Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of other jurisdictions with which the holders of the Bonds are familiar.

The Issuer conducts substantially all of its business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in the Issuer’s PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of the Issuer’s PRC subsidiaries would also be subject to such laws. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. The risks and uncertainties should be analysed carefully before investing in the Issuer’s Bonds.

The Issuer may be unable to obtain and remit foreign exchange.

The Issuer's ability to satisfy its obligations under the Bonds depends solely upon the ability of its PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to the Issuer and, if applicable, to pay interest and principal on shareholder loans. The Issuer's PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before it can obtain and remit foreign currencies out of China, including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with SAFE. Prior to payment of interest and principal on any shareholder loan the Issuer makes to its PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of withholding tax at a rate of 10 per cent. or a lower tax treaty rate, if any, on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay the Issuer dividends or interest and principal on shareholder loans, which may affect the Issuer's ability to satisfy its obligations under the Bonds.

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements or the Trust Deed governing the Bonds, there could be a default under the terms of these agreements or the Trust Deed governing the Bonds, which could cause repayment of the Issuer's debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in the Trust Deed governing the Bonds or the Issuer's current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Issuer's debt agreements, including the Trust Deed governing the Bonds, contain cross-acceleration or cross-default provisions. As a result, the Issuer's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's other debt agreements, including the Trust Deed governing the Bonds. If any of these events occur, the Issuer cannot assure that its assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Issuer would be able to find alternative financing. Even if the Issuer could obtain alternative financing, the Issuer cannot assure that it would be on terms that are favourable or acceptable to the Issuer. Furthermore, the Issuer is permitted to incur indebtedness pursuant to the Introductory Document if, among other things, the Issuer is able to meet the Fixed Charge Coverage Ratio.

The Trustee may request the holders of the Bonds to provide an indemnity and/or security to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer and taking enforcement steps pursuant to terms of the Bonds, the Trustee may, at its sole discretion, request the holders of the Bonds to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of the holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured 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 Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security to it, in breach of the terms of the Trust Deed or the terms of the Bonds 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 Bonds to take such actions directly.

The Issuer may not be able to redeem any Bonds or repurchase the 2020 Notes upon a Relevant Event or a Change of Control Triggering Event.

The Issuer must redeem any Bonds that holders require the Issuer to redeem upon the occurrence of certain types of changes of control at a purchase price equal to 100 per cent. of their respective principal amount plus accrued and unpaid interest. See Clause 8(D) “Redemption for Relevant Event” of the Terms and Conditions. The Issuer is also required to offer to purchase the 2020 Notes upon the occurrence of certain types of changes of control at a purchase price equal to 100 per cent. of their respective principal amount plus accrued and unpaid interest. The source of funds for any such purchase would be the Issuer’s available cash or third-party financing. However, the Issuer may not have sufficient available funds at the time of the occurrence of any change of control to redeem or make purchases of any outstanding Bonds and the 2020 Notes. The Issuer’s failure to redeem, make the offer to purchase or to purchase any outstanding Bonds and the 2020 Notes, would constitute an event of default under the Bonds and the 2020 Notes, as the case may be. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Issuer’s other debts were to be accelerated, it may not have sufficient funds to purchase any Bonds and the 2020 Notes and repay the debt.

In addition, the definition of change of control for purposes of the Trust Deed governing the Bonds and the Trust Deed governing the 2020 Notes, does not necessarily afford protection for the holders of the Bonds and the 2020 Notes, in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations. These types of transactions could, however, increase the Issuer’s indebtedness or otherwise affect its capital structure or credit ratings. The definition of change of control for purposes of the trust deed governing the Bonds and the Trust Deed governing the 2020 Notes, also includes a phrase relating to the sale of “all or substantially all” of the Issuer’s assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, the Issuer’s obligation to redeem any Bonds or make an offer to purchase the 2020, and the ability of a holder of the Bonds and the 2020 Notes to require the Issuer to purchase its bonds or notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of the Issuer’s assets may be uncertain.

The Issuer’s operations are restricted by the terms of the Bonds, which could limit the Issuer’s ability to plan for or to react to market conditions or meet its capital needs, which could increase the credit risk of the holders of the Bonds.

The Trust Deed governing the Bonds includes a number of significant restrictive covenants. These covenants restrict, among other things, the Issuer’s ability, and the ability of the Issuer’s Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;

- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit the Issuer's ability to plan for or react to market conditions or to meet its capital needs. The Issuer's ability to comply with these covenants may be affected by events beyond its control, and the Issuer may have to curtail some of its operations and growth plans to maintain compliance.

The terms of the Bonds permits the Issuer to make investments in Unrestricted Subsidiaries and minority owned joint ventures.

In light of land prices, sizes of projects and other factors, the Issuer may from time to time consider developing property developments jointly with third parties, including other PRC property developers. As a result, the Issuer may need to make investments in joint ventures (including joint ventures in which the Issuer may own more or less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Introductory Document restricts the Issuer and its Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that the Issuer may, subject to certain conditions, make investments in any Unrestricted Subsidiaries and minority owned joint ventures primarily engaged in Permitted Business up to an aggregate amount equal to 35.0% of the Issuer's Total Assets.

The terms of the Bonds permits the Issuer to pay substantial amount of dividends.

The Issuer pays dividends to its shareholders from time to time. Under the Introductory Document, any such dividend payment will be a "Restricted Payment," which could not be made unless the Issuer can, among other things, satisfy the Fixed Charge Coverage Ratio. However, such restriction is subject to important exceptions and qualifications. Under the terms of the Bonds, the Issuer may pay dividends on its common stock in an aggregate amount up to 20.0% of the Issuer's consolidated net profit for a year without satisfying the Fixed Charge Coverage Ratio. With such an exception, the Issuer may be able pay substantial amount of dividends even when the Issuer is highly leveraged, which may materially and adversely affect the Issuer's ability to service its indebtedness, including the Bonds.

A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.

Although approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST, the Issuer cannot assure that it will obtain or be able to maintain a listing on the SGX-ST, or that, if listed, a liquid trading market will develop. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the Bonds may only be resold in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See the section headed “Transfer Restrictions.” If an active trading market does not develop or is sustained, the market price and liquidity of the Bonds could be adversely affected.

Certain transactions that constitute “connected transactions” under the listing rules of the HKEx will not be subject to Clause 4(F) “Limitation on Transactions with Shareholders and Affiliates” in the Terms and Conditions.

The Issuer Shares are listed on the HKEx and the Issuer is required to comply with its 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 certain procedural requirements to be completed or approvals to be obtained. Clause 4(F) “Limitation on Transactions with Shareholders and Affiliates” of the Terms and Conditions only applies to transactions between the Issuer or any Restricted Subsidiary, on the one hand, and (x) any holder (or any affiliate of such holder) of 10 per cent. or more of the shares of the Issuer or (y) any affiliate of the Issuer, on the other hand. As such, transactions between the Issuer 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 covenants, even though they are subject to the independent shareholders’ requirement under the listing rules. As a result, the Issuer is not required by the terms of the Bonds to ensure that any such transactions are on terms that are fair and reasonable, and the Issuer will not need to deliver officers’ certificates or procure the delivery of fairness opinions by accounting, appraisal or investment banking firms to the trustee of the Bonds for any such transactions.

The liquidity and price of the Bonds may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer’s revenues, earnings and cash flows, proposals for new investments, strategic alliances and acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the Issuer’s industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the 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 Hong Kong. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

Investment Considerations relating to the Guarantees and the Collateral

Issuer's initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.

The Issuer conducts substantially all of its business operations through its PRC subsidiaries, but none of the Issuer's current PRC subsidiaries will provide a guarantee of the Bonds either upon issuance of the Bonds or at any time thereafter. No future subsidiaries that are (i) organized under the laws of PRC, (ii) not permitted by applicable law or regulation to guarantee the Bonds or (iii) listed on a nationally recognized securities exchange ((ii) and (iii), collectively, the "Exempted Subsidiaries"), will provide a guarantee of the Bonds at any time in the future. Moreover, the Collateral will not include the capital stock of the Issuer's existing or future Offshore Non-Guarantor Subsidiaries. As a result, the Bonds will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries, the Exempted Subsidiaries and the Offshore Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Bonds are holding companies that do not have significant operations. The Issuer cannot assure that the initial Subsidiary Guarantors or any subsidiaries that may become guarantors in the future will have the funds necessary to satisfy the Issuer's financial obligations under the Bonds if the Issuer is unable to do so.

In addition, a guarantee required to be provided by a subsidiary under the terms of the Bonds may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of a minority interest in such subsidiary (subject to the satisfaction of certain conditions including a cap on the non-guaranteed portion of the assets of JV Subsidiary Guarantors). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to the Issuer'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. A Subsidiary Guarantor may also be able to release its Subsidiary Guarantee if the Issuer sells or issues no less than 20.0 per cent. of the capital stock of such Subsidiary Guarantor, as long as the consolidated assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (other than Exempted Subsidiaries) do not account for more than 30.0 per cent. of the Issuer's total assets.

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

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the Cayman Islands, Hong Kong and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors (if any) 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:

- 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;

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for 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 salable 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 the JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or the JV Subsidiary Guarantees (as the case may be) will 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 (as the case may be), subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be) or holds such guarantee unenforceable for any other reason, holders of the 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 (as the case may be), and would solely be creditors of the Issuer and any Subsidiary Guarantors or JV Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. The Issuer cannot assure 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 Bonds.

The pledge of the Collateral may in some circumstances be voidable.

The pledge of the Collateral may be voidable as a preference under insolvency or fraudulent transfer or similar laws of Hong Kong and the Cayman Islands if created within the six months immediately preceding the commencement of a liquidation or, under some circumstances, within a longer period. Pledges of 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 pledge of certain Collateral may be voided based on the analysis set forth under the section headed "Investment Considerations –

Investment Considerations relating to the Guarantees and the Collateral – The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees” above.

If the pledges of the Collateral were to be voided for any reason, holders of the Bonds would have only an unsecured claim against the Issuer and the Subsidiary Guarantor.

The value of the Collateral will likely not be sufficient to satisfy the Issuer’s obligations under the Bonds and other pari passu secured indebtedness.

The Collateral will consist only of the capital stock of the Subsidiary Guarantors. The security interest in respect of certain Collateral may be released upon the disposition of such Collateral and any proceeds from such disposition may be applied, prior to repaying any amounts due under the Bonds, to repay other debt or to make investments in properties and assets that will not be pledged as additional Collateral.

The ability of the Trustee, on behalf of the holders of the Bonds, to foreclose on the Collateral upon the occurrence of an event of default or otherwise will be subject in certain instances to perfection and priority status. Although procedures will be undertaken to support the validity and enforceability of the security interests, the Issuer cannot assure that the Trustee or holders of the Bonds will be able to enforce such security interest.

The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. No independent appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with this offering of the Bonds. Accordingly, the Issuer cannot assure that the proceeds of any sale of the Collateral following an acceleration of the Bonds would be sufficient to satisfy, or would not be substantially less than, amounts due and payable on the Bonds. By its nature, the Collateral, which consists solely of the capital stock of any existing or future Subsidiary Guarantor, is likely to be illiquid and is unlikely to have a readily ascertainable market value. Likewise, the Issuer cannot assure that the Collateral will be salable or, if salable, that there will not be substantial delays in its liquidation.

The Collateral will be shared on a pari passu basis by the holders of the Bonds and the holders of the 2020 Notes may be shared on a pari passu basis with holders of other indebtedness ranking pari passu with the Bonds that the Issuer may issue in the future. Accordingly, in the event of a default on the Bonds or the other secured indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of such secured indebtedness. The value of the Collateral securing the Bonds and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors is unlikely to be sufficient to satisfy the obligations of the Issuer and each of the Subsidiary Guarantor Pledgors under the Bonds and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors, and the Collateral securing the Bonds and such Subsidiary Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Bonds or other pari passu indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Trust Deed.

The pledge of certain Collateral may be released under certain circumstances.

In the event the conditions applicable to the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee are satisfied, the Issuer is permitted to release the pledge of the shares granted by such Subsidiary Guarantor, as well as the pledge of the shares granted by the subsidiaries of such Subsidiary

Guarantor. The Issuer is only required to deliver a replacement share pledge for the shares that the Issuer continue 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 Issuer sells minority equity interests in the Issuer's Subsidiary Guarantors or otherwise create JV Subsidiary Guarantors in accordance with the terms of the Trust Deed governing the Bonds, the Collateral will be reduced in value and scope, and holders of the Bonds would be subject to increased risks.

Investment Considerations relating to the Issuer Shares

Investors should be aware that the Bonds, being exchangeable for the Issuer Shares, bear certain risks.

Depending on the performance of the underlying Issuer Shares, the value of the Issuer Shares may decline and be substantially lower than when the Bonds were initially purchased. In addition, the value of the Issuer Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Issuer Shares is delivered.

The value of the Conversion Shares primarily depends upon the market price of the Issuer Shares.

The Issuer Shares are currently listed on the HKEx. There can be no certainty as to the effect, if any, that future issues or sales of Issuer Shares, or the availability of such Issuer Shares for future issue or sale, will have on the market price of the Issuer Shares prevailing from time to time and therefore on the price of the Bonds.

Sales of substantial numbers of Issuer Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Issuer Shares and the Bonds.

The results of operations, financial condition, future prospects and business strategy of the Issuer and the Group could affect the value of the Issuer Shares, and, as a result, the Conversion Shares. The trading price of the Issuer Shares 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, which are not described herein) and by other factors such as changes in the regulatory environment that can affect the markets in which the Group operates and capital markets in general. Corporate events such as share sales, reorganisations, take-overs or share buy backs may also adversely affect the value of the Issuer Shares, and, as a result, the Conversion Shares.

Bondholders do not have the benefit of any security interest with respect to the Conversion Shares and, following any default, do not have recourse against the Conversion Shares or a claim for the value of the Conversion Shares.

There are no custody arrangements relating to the Conversion Shares. Neither the Trust Deed nor the Bonds create any security interest in favour of the Bondholders either to secure the payment obligations arising under the Bonds or to secure the performance of the Conversion Rights thereunder. Accordingly, in the event of any insolvency of the Issuer or the Guarantor, the Bondholders will rank on a pari passu basis with all other unsecured creditors of the Issuer or the Guarantor, as the case may be, and will have no direct rights over the Conversion Shares. If the Bonds are declared due and payable following the occurrence of any of the events described in the Terms and Conditions, the principal of, premium, if any, and accrued and unpaid interest on the Bonds shall be immediately due and payable.

Short selling of Issuer Shares by purchasers of the Bonds could materially and adversely affect the market price of the Issuer Shares.

The issuance of the Bonds may result in downward pressure on the market price of the Issuer Shares. Many investors in convertible securities seek to hedge their exposure in the underlying equity securities often through short selling of the underlying equity securities or through similar transactions. This short selling and similar hedging activity could place significant downward pressure on the market price of the Issuer Shares, thereby having a material adverse effect on the market value of the Issuer Shares owned by an investor as well as on the trading price of the Bonds.

Investment Considerations relating to the Exercise of Conversion Rights

There is a limited period for, and costs associated with, the exercise of the Conversion Right.

An investor in a Bond will, as more fully described in the Terms and Conditions, have the right to convert such Bond into Issuer Shares. The Conversion Right may be exercised at any time on or after the date which is 41 days after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date which falls seven days prior to the Maturity Date (both dates inclusive), or if such Bonds shall have been called for redemption prior to the Maturity Date (in accordance with the Terms and Conditions), then up to and including the close of business (at the place aforesaid) on a date no later than seven days prior to the relevant redemption date. If the Conversion Right is not exercised by Bondholders during the Conversion Period, the Bonds will be redeemed at 100 per cent. of their principal amount on the Maturity Date.

A Bondholder exercising the Conversion Right must pay capital, stamp, issue, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on exchange, as more fully described in the Terms and Conditions. Bondholders will also be required to give certain representations before they may exercise their Exchange Rights.

Bondholders have no shareholder rights before exchange. An investor in a Bond will not be a holder of the Conversion Shares. No Bondholder will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any underlying Conversion Shares until such time, if any, as he exchanges his Bond for such Conversion Shares and (as applicable) becomes registered as the holder thereof.

Bondholders have limited anti-dilution protection.

The Conversion Price of the Conversion Shares into which the Bonds may be exchanged will be adjusted in the event that there is a sub-division, consolidation, redesignation, reclassification, rights issue, distributions or other adjustments, but only in the situations and only to the extent provided in the Terms and Conditions. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Conversion Shares. Events in respect of which no adjustment is made may adversely affect the value of the Conversion Shares and, therefore, adversely affect the value of the Bonds.

TERMS AND CONDITIONS OF THE BONDS

The following (subject to amendment, and other than the words in italics) is the text of the terms and conditions of the Bonds (as defined below) which will appear on the reverse of each individual registered bond certificates evidencing the Bonds:

The issue of the HKD2,346,000,000 aggregate principal amount of 2.25 per cent. Convertible Bonds due 2019 (the “Bonds”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 17 and consolidated and forming a single series therewith) of Future Land Development Holdings Limited (the “Issuer”) and the right of conversion into Shares (as defined in Condition 6(A)(iv)) was authorised by the board of directors of the Issuer on 29 January 2018. The Bonds are jointly and severally guaranteed by the Subsidiary Guarantors (as defined below). The giving of the Subsidiary Guarantees (as defined below) was authorised by resolutions of the board of directors of each Subsidiary Guarantor on 29 January 2018. The Bonds shall have the benefit of certain security on the Collateral as set out in Condition 2 and subject to the terms of the Intercreditor Agreement (as defined below).

The Bonds are constituted by the trust deed (as amended or supplemented from time to time, the “Trust Deed”) dated on or about 12 February 2018 (the “Issue Date”) between the Issuer, the Subsidiary Guarantors and The Bank of New York Mellon, London Branch (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of 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 Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, conversion and transfer agency agreement dated on or about the Issue Date (the “Agency Agreement”) relating to the Bonds between the Issuer, the Subsidiary Guarantors, the Trustee, The Bank of New York Mellon, London Branch, as principal paying and conversion agent (the “Principal Agent”), The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent (the “Transfer Agent”) and as registrar (the “Registrar”) and the other paying agents, conversion agents and transfer agents appointed under it (each a “Paying Agent”, a “Conversion Agent”, a “Transfer Agent” and together with the Registrar and the Principal Agent, the “Agents”) relating to the Bonds. References to “Paying Agents” include the Principal Agent and references to the “Principal Agent”, the “Registrar” and the “Agents” below are references to the principal agent, the registrar and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement are available upon prior written request and satisfactory proof of holding at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office for the time being of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office for the time being of the Principal Agent.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, “Bondholder” and (in relation to a Bond) “holder” mean the person in whose name a Bond is registered.

1 Form, Denomination and Title

(A) Form and Denomination

The Bonds are in registered form in the denomination of HKD1,500,000 and integral multiples of HKD10,000 in excess thereof (each, an “Authorised Denomination”). A bond certificate (each a “Certificate”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “Register”) which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.. The Conditions are modified by certain provisions contained in the Global Certificate.

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds will pass 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 or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

2 Status, Guarantees, Security and Negative Pledge

(A) Status

The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

The Bonds will have the benefit of the Collateral (as defined in Condition 4(S)) 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 (as defined below) and of the Subsidiary Guarantors’ obligations under the Subsidiary Guarantees. The Security is held (pursuant to the terms of the Intercreditor Agreement) by The Bank of New York Mellon as collateral agent (the “Collateral Agent”) for the Bonds and the Senior Notes (as defined below in Condition 2(B)(i)), for the benefit of the Bondholders and the holders of the Senior Notes, on a *pari passu* basis.

The initial Subsidiary Guarantors as at the Issue Date refer to all of the Issuer's Restricted Subsidiaries other than (i) those Restricted Subsidiaries organised under the laws of the PRC (the "PRC Non-Guarantor Subsidiaries") and (ii) Super City Global Limited, Future Land Development Capital (Hong Kong) Limited, Dawn Castle Limited, Hong Kong Chuangyu Development Limited, Afar Connect Limited, Hong Kong Hengyi Development Limited, Dragon State Investments Limited, Hong Kong Kaisheng Development Limited, Dragon Boom Developments Limited, Hong Kong Jingsheng Development Limited, ATL Group Limited, Emerald Sea Holdings Limited, Hong Kong Exaltation Development Limited, Dawnwave Holdings Limited, Hong Kong Chuanghui Development Limited, Future Land US Capital Partners Limited, Acme Name Limited, Hong Kong Hengchang Development Limited, Alpha Oasis Limited, Hong Kong Hengkang Development Limited, Brisk Sail Limited and Hong Kong Chuangzhi Development Limited (such Restricted Subsidiaries in this (ii) are collectively referred to as the "Existing Offshore Non-Guarantor Subsidiaries").

(B) Guarantees

- (i) Each of the Subsidiary Guarantors shall unconditionally and irrevocably Guarantee the due payment of sums expressed to be payable by the Issuer under the Trust Deed and the Bonds (the "Subsidiary Guarantees"). The Subsidiary Guarantee of each Subsidiary Guarantor constitutes direct, unconditional and unsubordinated obligations of such Subsidiary Guarantor and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of such Subsidiary Guarantor under its Subsidiary Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. 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 Issuer's U.S. dollar denominated 5.0 per cent. senior notes due 2020 (the "2020 Notes" and, together with and any other debt obligations similar to the 2020 Notes that the Issuer may issue from time to time, the "Senior Notes").
- (ii) The Issuer shall cause each of its other Subsidiaries that Guarantees the obligations of the Issuer under the Senior Notes after the Issue Date to execute and deliver to the Trustee a supplemental trust deed to the Trust Deed pursuant to which such Subsidiary will provide a Subsidiary Guarantee; provided that such Subsidiary will only provide a JV Subsidiary Guarantee if it also only provided a "JV subsidiary guarantee" (as such term is defined in the Trust Deeds constituting such Senior Notes) under the Senior Notes. Upon execution of the applicable supplemental trust deed to the Trust Deed, each such Subsidiary will become a "Subsidiary Guarantor" or a "JV Subsidiary Guarantor", as the case may be.
- (iii) A Subsidiary Guarantee given by a Subsidiary Guarantor or a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor will be released in relation to a Bond (a) upon the repayment in full of the Bonds, at maturity or through redemption, repurchase or otherwise, of the Bonds, (b) when no Bond remains outstanding or (c) upon the release of the Guarantee given by such Subsidiary Guarantor or JV Subsidiary Guarantor under the terms of the Senior Notes. For the avoidance of doubt, in the event the Issuer has repaid or defeased in full, at maturity or through redemption, repurchase, defeasance in accordance with the terms of the Senior Notes or otherwise, all outstanding Senior Notes, all Subsidiary Guarantees or JV Subsidiary Guarantees under the Bonds will also be released.

(C) Security

- (i) The Issuer has pledged the Capital Stock of the Subsidiary Guarantors to secure the obligations of the Issuer under the 2020 Notes and under the Trust Deed constituting the 2020 Notes. On or prior to the Issue Date, the Trustee on behalf of the Bondholders will accede to the intercreditor agreement dated April 23, 2013 among the Issuer, the Collateral Agent and the trustee of the U.S. dollar denominated 6.25 per cent. senior notes due 2017 and the trustee of the U.S. dollar denominated 10.25 per cent. senior notes due 2019, among others (as supplemented by supplements dated July 21, 2014 and November 12, 2015, and as supplemented or amended from time to time, the “Intercreditor Agreement”) pursuant to which the Bondholders will be entitled to share in the benefit of the pledge of Collateral on a *pari passu* basis with the holders of the 2020 Notes and any holders of other indebtedness as permitted under the terms and conditions of the 2020 Notes.
- (ii) On or after the Issue Date, the Issuer and each Subsidiary Guarantor Pledgor (if any) may create Liens on the Collateral *pari passu* with the Lien for the benefit of the Bondholders to secure Indebtedness of the Issuer (including additional Bonds issued under Condition 17) and any *Pari Passu* Subsidiary Guarantee of a Subsidiary Guarantor Pledgor with respect to such Indebtedness (such Indebtedness of the Issuer and any such *Pari Passu* Subsidiary Guarantee, “Permitted *Pari Passu* Secured Indebtedness”); provided that (1) the Issuer or such Subsidiary Guarantor Pledgor was permitted to Incur such Indebtedness under Condition 4(A); (2) the holders of such Indebtedness (or their representative) become party to the Intercreditor Agreement; and (3) the Issuer and such Subsidiary Guarantor Pledgor deliver to the Trustee an Opinion of Counsel and Officers’ Certificate with respect to corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents. The Trustee and the Collateral Agent will be permitted and authorised, without the consent of any Bondholder, to enter into the Security Documents and the Intercreditor Agreement or any amendment thereto or to the Trust Deed and take 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 Condition 2(C)(ii) and the terms of the Trust Deed (including, without limitation, the appointment of any collateral agent under the Intercreditor Agreement to hold the Collateral on behalf of the Bondholders, the holders of the 2020 Notes and any holders of other Permitted *Pari Passu* Secured Indebtedness).
- (iii) Subject to the provisions of the Intercreditor Agreement, the pledge of the Collateral will be released in relation to the Bonds (a) upon the repayment in full of the Bonds, at maturity or through redemption, repurchase or otherwise, of the Bonds, (b) when no Bond remains outstanding or (c) upon the release of the pledge of the Collateral under the terms of the Senior Notes. For the avoidance of doubt, in the event the Issuer has repaid or defeased in full, at maturity or through redemption, repurchase, defeasance in accordance with the terms of the Senior Notes or otherwise, all outstanding Senior Notes, the pledge of the Collateral will also be released in relation to the Bonds.

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, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Bonds may, subject to Condition 3(E) and the terms of the Agency Agreement, be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of the relevant Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

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 seven business days of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Notes 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, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or, as the case may be, any other relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 and Condition 6, "business day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent, with whom a Certificate is deposited in connection with a transfer or conversion is located.

(D) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) such regulations as may be applicable to the transfer and registration of the Bonds (and as initially set out in the Agency Agreement).

(E) *Restricted Transfer Periods*

No Bondholder may require the transfer of a Bond to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (b) after a Conversion Notice (as defined in Condition 6(B)(i)) has been delivered with respect to a Bond; (c) after a Relevant Event Put Exercise Notice (as defined in Condition 8(D)) has been deposited in respect of such Bond pursuant to Condition 8(D); or (d) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(A)). Each such period is a “Restricted Transfer Period”.

(F) *Regulations*

All transfer of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. Such regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, and by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the Bondholder) by the Registrar to any Bondholder upon request in writing.

4 Covenants

(A) *Limitation on Indebtedness and Preferred Stock*

- (1) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Issuer will not permit any Restricted Subsidiary to issue Preferred Stock; *provided* that the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Restricted Subsidiary that is a 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 2.5 to 1.0. Notwithstanding the foregoing, the Issuer will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Issuer or a Subsidiary Guarantor, so long as it is so held).
- (2) Notwithstanding the foregoing, the Issuer and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
 - (a) Indebtedness under the Bonds (excluding any additional Bonds issued under Condition 17 and any Permitted Pari Passu Secured Indebtedness of the Issuer) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any Pari Passu Subsidiary Guarantees by any Subsidiary Guarantor or any JV Subsidiary Guarantor;
 - (c) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the Issue Date excluding Indebtedness permitted under clause (d) below; *provided* that such Indebtedness of Restricted Subsidiaries that are Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness excluded from the definition of Permitted Subsidiary Indebtedness by the terms thereof);

- (d) Indebtedness of the Issuer or any Restricted Subsidiary owed to the Issuer or any Restricted Subsidiary; *provided* that (i) 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 Issuer or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Issuer is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Bonds, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Issuer 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;
- (e) Indebtedness (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (h), (p), (q), (r), (t) or (u) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance the Bonds or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Bonds or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Bonds are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Bonds or 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 Bonds or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Bonds or 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 Bonds or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Bonds or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) 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, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, and (iv) in no event may Indebtedness of the Issuer or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to Hedging Obligations designed solely to protect the Issuer or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (g) Pre-Registration Mortgage Guarantees by the Issuer or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Issuer or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, 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 Issuer 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 acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, 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 Issuer or such Restricted Subsidiary in the Permitted Business; *provided* that in the case of clauses (x) and (y), (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 asset, property or equipment 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 sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate amount outstanding of all Indebtedness permitted and then outstanding under clauses (p), (q), (r) and (u) below (together with any refinancings thereof) does not exceed an amount equal to 35.0 per cent. of Total Assets;
- (i) Indebtedness Incurred by the Issuer 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);
- (j) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees 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 Issuer or such Restricted Subsidiary of a demand for reimbursement;
- (k) 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 Issuer 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 Issuer or any Restricted Subsidiary from the disposition of such business, assets or Restricted Subsidiary;

- (l) 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;
- (m) (i) Guarantees by the Issuer or any Subsidiary Guarantor of Indebtedness of the Issuer or any Restricted Subsidiary that was permitted to be Incurred by another provision of this Condition 4(A) other than Guarantees of such Indebtedness of any Offshore Non-Guarantor Subsidiary), (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred by another provision of this Condition 4(A), or (iii) 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 provision of this Condition 4(A);
- (n) Indebtedness of the Issuer or any Restricted Subsidiary maturing within one year; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US\$35.0 million (or the Dollar Equivalent thereof);
- (o) Indebtedness of the Issuer or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Issuer or such Restricted Subsidiary enters into such Staged Acquisition Agreement;
- (p) Indebtedness Incurred by the Issuer or any Restricted Subsidiary arising from any Investment made by a Trust Issuer Investor in a PRC Project Company; *provided that* on the date of Incurrence of all such Indebtedness and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness permitted under this clause (p) (together with any refinancings thereof) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clause (h) above and clauses (q), (r) and (u) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0 per cent. of Total Assets;
- (q) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties; *provided* that on the date of the Incurrence of all such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (q) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h) and (p) above and clauses (r) and (u) below (together

with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0 per cent. of Total Assets;

- (r) Bank Deposit Secured Indebtedness Incurred by the Issuer or any Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (r) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h), (p) and (q) above and (u) below (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0 per cent. of Total Assets;
 - (s) Indebtedness Incurred by the Issuer or a Restricted Subsidiary constituting a Subordinated Shareholder Loan;
 - (t) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$30.0 million (or the Dollar Equivalent thereof); and
 - (u) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Issuer or a Restricted Subsidiary) by the Issuer or such Restricted Subsidiary; *provided* that on the date of the Incurrence of all such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount of all such Indebtedness Incurred under this clause (u) (together with any refinancings thereof), plus (2) the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (h), (p), (q) and (r) above (together with any refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0 per cent. of Total Assets.
- (3) For purposes of determining compliance with this Condition 4(A), in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in paragraph (1) above, the Issuer, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness as one or more of such types.
- (4) Notwithstanding any other provision of this Condition 4(A), the maximum amount of Indebtedness that may be Incurred pursuant to this Condition 4(A) 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.

(B) *Limitation on Restricted Payments*

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Issuer’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Issuer’s or 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 Issuer or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Issuer or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Issuer held by any Persons other than the Issuer or any Restricted Subsidiary other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement;
- (3) 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 Bonds or any Subsidiary Guarantee or JV Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment, if, at the time of, and after giving effect to, the proposed Restricted Payment:
 - (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
 - (b) the Issuer could not Incur at least US\$1.00 of Indebtedness under the proviso in paragraph (1) of Condition 4(A); or
 - (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Measurement Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7), (8), (9), (10) and (12) of the immediately following paragraph), shall exceed the sum (without duplication) of:
 - (i) 50 per cent. of the aggregate amount of the Consolidated Net Income of the Issuer (or, if the Consolidated Net Income is a loss, minus 100 per cent. of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2012 and ending on the last day of the Issuer’s most recently ended fiscal quarter for which consolidated financial statements of the Issuer (which the Issuer shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

- (ii) 100 per cent. of the aggregate Net Cash Proceeds received by the Issuer 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 Issuer, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Issuer into Capital Stock (other than Disqualified Stock) of the Issuer, or (B) the exercise by a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (other than Disqualified Stock) in each case excluding 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 Issuer; plus
- (iii) the amount by which Indebtedness of the Issuer or any Restricted Subsidiary is reduced on the Issuer's consolidated statement of financial position upon the conversion or exchange (other than by a Subsidiary of the Issuer) subsequent to the Measurement Date of any Indebtedness of the Issuer or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Issuer (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Issuer upon such conversion or exchange); plus
- (iv) 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 (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Issuer 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) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Issuer or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or 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, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Issuer or a Restricted Subsidiary after the Measurement Date in any such Person; plus
- (v) US\$20.0 million (or the Dollar Equivalent thereof). The foregoing provision shall not be violated by reason of:
 - (1) 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 the preceding paragraph;

- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Issuer or any Subsidiary Guarantor or 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 a sale (other than to a Subsidiary of the Issuer) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer, or for the redemption, repurchase or other acquisition of Capital Stock of any Subsidiary Guarantor only, of any Subsidiary Guarantor, or for the redemption, repurchase or other acquisition of Capital Stock of any JV Subsidiary Guarantor only, of 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 utilised for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any Subsidiary Guarantor or 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 Issuer) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer, or for the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of any Subsidiary Guarantor only, of any Subsidiary Guarantor, or for the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of any JV Subsidiary Guarantor only, of 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 utilised for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favourable to the Issuer, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Issuer;
- (6) payments made under a Staged Acquisition Agreement to acquire the Capital Stock of a Person, provided that such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase price can be made (such date not to exceed 12 months from the date the Staged Acquisition Agreement was entered into) (the “Deadline Date”);

provided further that in the event such Person does not become a Restricted Subsidiary on or before the Deadline Date, all payments previously made under this clause (6) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this Condition 4(B);

- (7) the repurchase, redemption or other acquisition of Capital Stock of the Issuer from employees, former employees, directors or former directors of the Issuer or any Restricted Subsidiary (or their estate or authorised representatives) upon the death, disability or termination of employment of such employees or directors pursuant to agreements or plans (including employment agreements and share option plans) approved by the board of directors in an aggregate amount not to exceed US\$1.0 million (or the Dollar Equivalent thereof) in any fiscal year of the Issuer;
- (8) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;
- (9) dividends paid to, or the purchase of Capital Stock of any PRC Project Company held by, any Trust Issuer Investor in respect of any Indebtedness permitted to be Incurred under clause (2)(p) of Condition 4(A);
- (10) any Investment in the Capital Stock of a Restricted Subsidiary held by a minority shareholder which Investment increases the proportion of the Capital Stock of such Restricted Subsidiary held, directly or indirectly, by the Issuer;
- (11) the declaration and payment of dividends on the Common Stock of the Issuer by the Issuer with respect to any financial year in an aggregate amount not to exceed 20.0 per cent. of the Issuer's consolidated net profit in such financial year; or
- (12) payments, including distributions, made under or in connection with any Perpetual Bond Obligation pursuant to the terms thereof or in connection with a repurchase or redemption thereof,

provided that, in the case of clause (2), (3), (4) or (11) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

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 Issuer 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 Condition 4(B) 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 recognised 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 in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payment set forth in clauses (5) through (12) above), the Issuer 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 Condition 4(B) were computed, together with a copy of any fairness opinion or appraisal required by the Trust Deed and/or these Conditions.

(C) Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Issuer 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:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Issuer or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Issuer or any other Restricted Subsidiary;
 - (c) make loans or advances to the Issuer or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Issuer or any other Restricted Subsidiary,

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (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 Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Issuer 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.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Issue Date, or in the Bonds, the Subsidiary Guarantees, the JV Subsidiary Guarantees, these Conditions, the Trust Deed, the Security Documents, or under any Permitted Pari Passu Secured Indebtedness of the Issuer or any Subsidiary Guarantor Pledgor or Pari Passu Subsidiary Guarantee of any Subsidiary Guarantor or any JV Subsidiary Guarantor, and 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 Bondholders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

- (b) existing under or by reason of applicable law, rule, regulation or order;
- (c) with respect to any Person or the property or assets of such Person acquired by the Issuer 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, and 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 Bondholders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this Condition 4(C) if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Trust Deed or these Conditions or (iii) 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 Issuer or any Restricted Subsidiary in any manner material to the Issuer or any Restricted Subsidiary;
- (e) 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 Condition 4(A), Condition 4(D) and Condition 4(I);
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness of the type described under clause (2)(h), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(t) or (2)(u) of Condition 4(A) if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer to make required payment on the Bonds and 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 Bondholders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) existing in customary provisions in joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of the Issuer or a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Issuer to make the required payments on the Bonds, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or

- (h) 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 the Trust Deed and/or these Conditions 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, and 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.

(D) Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer 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:

- (1) to the Issuer or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators or on a basis more favourable to the Issuer and its Restricted Subsidiaries;
- (2) 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 Issuer or a Wholly Owned Restricted Subsidiary;
- (3) the sale or issuance of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such sale or issuance, 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 Condition 4(B) if made on the date of such sale or issuance and provided that the Issuer complies with Condition 4(I); or
- (4) 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 Issuer or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Condition 4(I).

(E) Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer 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 Issuer or any other Restricted Subsidiary, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental trust deed to the Trust Deed 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 Bonds by such Restricted Subsidiary and (b) 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 Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary

Guarantee, as the case may be, until the Bonds have been paid in full or (2) such Guarantee are permitted by clauses (2)(c), (2)(d), (2)(m)(ii) (other than a Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary) or (2)(r) (in the case of clause (2)(r), with respect to the Guarantee provided by any Restricted Subsidiary that is not Subsidiary Guarantor through the pledge of one or more bank accounts to secure, directly, or indirectly, any Bank Deposit Secured Indebtedness of the Issuer or any Subsidiary Guarantor), under Condition 4(A).

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Bonds, any Subsidiary Guarantee or any 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 (2) is subordinated in right of payment to the Bonds, 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 Bonds, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Issuer will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Issuer or any 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 Issuer or any Restricted Subsidiary where the aggregate claims of the creditor under such Guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

(F) *Limitation on Transactions with Shareholders and Affiliates*

The Issuer 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 10.0 per cent. or more of any class of Capital Stock of the Issuer or (y) any Affiliate of the Issuer (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favourable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Issuer or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Issuer; and
- (2) the Issuer delivers to the Trustee:
 - (a) 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 Condition 4(F) and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

- (b) 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 2(a) above, an opinion as to the fairness to the Issuer or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognised standing that complies with the requirements of The Stock Exchange of Hong Kong Limited regarding accounting, appraisal or investment banking firms delivering fairness or similar opinions for connected transactions.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees to directors of the Issuer or any Restricted Subsidiary who are not employees of the Issuer or any Restricted Subsidiary;
- (2) transactions between or among the Issuer and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clauses (1), (2) or (3) of the first paragraph of under Condition 4(B) if permitted by Condition 4(B);
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Issuer;
- (5) the payment of compensation to officers and directors of the Issuer or any Restricted Subsidiary pursuant to an employee benefit, or share option or similar schemes, for so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Issue Date require a majority shareholder approval of any such scheme;
- (6) loans or advances to employees, officers or directors in the ordinary course of business not to exceed US\$5.0 million in the aggregate at any one time outstanding;
- (7) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Issuer or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;
- (8) any sale of apartment units by the Issuer or a Restricted Subsidiary in the ordinary course of business to employees, officers, directors or their respective family members at a discount from the listed price not greater than that applicable generally to all employees of the Issuer and its Subsidiaries with respect to those apartment units; provided that (x) revenues from all such sales in any fiscal year shall not exceed 2.0 per cent. of the revenues for that year as shown in the consolidated financial statements of the Issuer for that period in accordance with GAAP, and (y) any such discount shall not be in excess of 15.0 per cent. of the Fair Market Value of the relevant apartment unit;

- (9) any transaction between (A) the Issuer or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the Restructuring, including but not limited to transactions entered into for purposes of any reorganisation 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
- (10) any transaction between (A) the Issuer or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into on arm's length basis and on fair and reasonable terms and disclosed in the offering document issued in connection with the proposed 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 Issuer and its Restricted Subsidiaries than the original transaction described in the offering document issued in connection with the proposed Restructuring and in compliance with the rules of The Stock Exchange of Hong Kong Limited or any other recognised exchange on which the Issuer's ordinary shares are then listed for trading.

In addition, the requirements of clause (2) of the first paragraph of this Condition 4(F) shall not apply to (i) Investments (other than Permitted Investments) not prohibited by Condition 4(B), (ii) transactions pursuant to agreements in effect on the Issue Date and described in this Introductory Document, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Issuer and its Restricted Subsidiaries than the original agreement in effect on the Issue Date and (iii) any transaction between or among (A) the Issuer, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or (B) the Issuer or a Restricted Subsidiary and any Minority Joint Venture; provided that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the minority or other shareholders or minority or other partners of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or Minority Joint Venture, as the case may be, is a Person described in clauses (x) or (y) of the first paragraph of this Condition 4(F) (other than by reason of such minority or other shareholder or minority or other partner being an officer or director of such Restricted Subsidiary or Minority Joint Venture, as the case may be).

(G) *Limitation on Liens*

The Issuer 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 Issuer 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 (other than the Collateral), whether owned at the Issue Date or thereafter acquired, except Permitted Liens, unless the Bonds are secured equally and rateably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Bonds, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

(H) *Limitation on Sale and Leaseback Transactions*

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Issuer or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Issuer or such Restricted Subsidiary could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under paragraph (1) of Condition 4(A) and (b) incurred a Lien to secure such Indebtedness pursuant to Condition 4(G), in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of such 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
- (3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Issuer or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, Condition 4(I).

(I) *Limitation on Asset Sales*

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Issuer 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; and
- (3) at least 75 per cent. 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 Issuer or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Issuer shall deliver to the Trustee an opinion as to the fairness to the Issuer or such Restricted Subsidiary, as the case may be, of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognised international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Issuer's most recent consolidated statement of financial position, of the Issuer or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Bonds, 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 Issuer or such Restricted Subsidiary from further liability; and

- (b) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Issuer 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 Issuer (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Issuer or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (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 Issuer or a Restricted Subsidiary; or
- (2) 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 Businesses (“Replacement Assets”).

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph 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 exceeds US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Issuer must make an Offer to Purchase Bonds having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Bonds and (y) the denominator of which is equal to the outstanding principal amount of the Bonds 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\$1,000.

The offer price in any Offer to Purchase will be equal to 100 per cent. 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 Issuer may use such Excess Proceeds for any purpose not otherwise prohibited by the Trust Deed or these Conditions. If the aggregate principal amount of Bonds (and any other *pari passu* Indebtedness) tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Bonds (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis based on the principal amount of Bonds and such 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.

(J) Limitation on the Issuer’s Business Activities

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided, however*, that the Issuer 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 Permitted Businesses as long as any Investment therein was not prohibited when made by Condition 4(B).

(K) Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided that* (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Issuer nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary does not own any Disqualified Stock of the Issuer or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Issuer or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under Condition 4(A) or such Lien would violate Condition 4(G); (4) 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 to be Unrestricted Subsidiaries in accordance with this paragraph; and (5) 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 by Condition 4(B) other than any Investment deemed to have been made by the Issuer or any Restricted Subsidiary in the Restructuring Group upon the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries in connection with the Restructuring, *provided that* (A) the Board of Directors has determined in good faith that the designation of such Subsidiaries as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the Restructuring and (B) immediately prior to the designation of the Restructuring Group as Unrestricted Subsidiaries, the Consolidated Assets of the Restructuring Group shall be no more than 10.0 per cent. of the Total Assets of the Issuer.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) 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 by Condition 4(A); (3) 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 by Condition 4(G); (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); (5) if such Restricted Subsidiary is not organised under the laws of the PRC and is not an Offshore Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental trust deed to the Trust Deed by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor in accordance with the terms under the Trust Deed; and (6) if such Restricted Subsidiary is not organised under the laws of the PRC and is not an Offshore Non-Guarantor Subsidiary or a subsidiary of a JV Subsidiary Guarantor, all Capital Stock of such Restricted Subsidiary owned by the Issuer or any other Restricted Subsidiary shall be pledged as required under Condition 2(C).

Any designation by the Board of Directors of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary will be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to the designation and an Officers' Certificate certifying that the designation complied with this Condition 4(K).

(L) Government Approvals and Licenses; Compliance with Law

The Issuer will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorisations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) 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 (3) 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 (a) the business, results of operations or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Bonds, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Trust Deed.

(M) Anti-Layering

The Issuer will not Incur, 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 Issuer, 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 Bonds, 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 favour of some but not all of such Indebtedness.

(N) Provision of Financial Statements and Reports

- (1) So long as any of the Bonds remain outstanding, the Issuer will file with the Trustee and furnish to the Bondholders 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 recognised securities exchange on which the Issuer'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 at any time the Common Stock of the Issuer ceases to be listed for trading on a recognised securities exchange, the Issuer will file with the Trustee and furnish to the Bondholders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Issuer, 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, statement of financial position and cash flow statement) audited by a member firm of an internationally-recognised firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second fiscal quarter of the Issuer, 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, statement of financial position and cash flow statement) reviewed by a member firm of an internationally-recognised firm of independent accountants; and

- (c) 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 Issuer, copies of its unaudited financial statements (on a consolidated basis and in the English language)), including a statement of income, statement of financial position and cash flow statement, prepared on a basis consistent with the audited financial statements of the Issuer together with a certificate signed by the person then authorised to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Bonds remain outstanding, the Issuer will provide to the Trustee (a) within 120 days after the close of each fiscal year, 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, with a certificate from the Issuer's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided*, that, the Issuer shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors; and (b) as soon as possible and in any event within 10 days after the Issuer becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Issuer proposes to take with respect thereto.

(O) Consolidation, Merger and Sale of Assets

The Issuer 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) to another Person, unless:

- (1) the Issuer shall be the continuing Person, or the Person (if other than the Issuer) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organised and validly existing under the laws of the Cayman Islands, the British Virgin Islands or Hong Kong and shall expressly assume, by a supplemental trust deed to the Trust Deed, executed and delivered to the Trustee, all the obligations of the Issuer under the Trust Deed, the Bonds and the Security Documents, as the case may be, including the obligation to pay Additional Tax Amounts with respect to any jurisdiction in which it is organised or resident for tax purposes or through which it makes payments, and the Trust Deed, the Bonds and the Security Documents, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Issuer 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 Issuer immediately prior to such transaction;

- (4) immediately after giving effect to such transaction on a pro forma basis the Issuer or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under paragraph (1) of Condition 4(A);
- (5) the Issuer delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental trust deed complies with this provision and that all conditions precedent provided for in the Trust Deed relating to such transaction have been complied with;
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Issuer has entered into a transaction described under this Condition 4(O), shall execute and deliver a supplemental trust deed to the Trust Deed confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Issuer or the Surviving Person in accordance with the Bonds and the Trust Deed; and
- (7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will 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) to another Person (other than the Issuer or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Issuer or a Subsidiary Guarantor), unless:

- (1) 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 Issuer, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Issuer or a Subsidiary Guarantor); and shall expressly assume, by a supplemental trust deed to the Trust Deed, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Trust Deed, the Bonds and the Security Documents, as the case may be, including the obligation to pay Additional Tax Amounts with respect to any jurisdiction in which it is organised or resident for tax purposes or through which it makes payments, and the Trust Deed, the Bonds and the Security Documents, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Issuer shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Issuer immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Issuer could Incur at least US\$1.00 of Indebtedness under paragraph (1) of Condition 4(A);

- (5) the Issuer delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental trust deed complies with this provision and that all conditions precedent provided for in the Trust Deed relating to such transaction have been complied with; and
- (6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with Condition 4(I) 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 Condition 2(B).

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Issuer or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Issuer or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

(P) No Payments for Consents

The Issuer 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 Bondholder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Trust Deed, the Bonds or these Conditions unless such consideration is offered to be paid or is paid to all Bondholders 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.

(Q) Suspension of Certain Covenants

If, on any date following the date of the Trust Deed, the 2020 Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Bonds cease to have a rating of Investment Grade from either of the Rating Agencies, Condition 4(A), Condition 4(B), Condition 4(C), Condition 4(D), Condition 4(E), Condition 4(H), Condition 4(I) and Condition 4(J) will be suspended.

During any period that the foregoing Conditions have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to Condition 4(K) or the definition of "Unrestricted Subsidiary."

Such Conditions 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 Conditions will not, however, be of any effect with regard to actions of the Issuer or any Restricted Subsidiary properly taken in compliance with the provisions of the Trust Deed and/or these Conditions during the continuance of the Suspension Event, and following reinstatement the calculations under Condition 4(B) will be made as if such Condition 4(B) had been in effect since the date of the Trust Deed except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that Condition was suspended.

(R) *Negative Pledge*

This Condition 4(R) shall only be applicable during any period that certain Conditions have been suspended pursuant to Condition 4(Q).

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 mortgage, charge, lien, pledge or other security interest 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 Liens on the Collateral that are created pursuant to Condition 2(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 equally and rateably or (b) such other security as either (i) the Trustee shall in its absolute discretion deem 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.

(S) *Definitions*

In these Conditions:

“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.

“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.

“Asset Acquisition” means (1) an investment by the Issuer 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 Issuer or any Restricted Subsidiary; or (2) an acquisition by the Issuer or any Restricted Subsidiary of the property and assets of any Person other than the Issuer 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 Issuer or any Restricted Subsidiary (other than to the Issuer 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 Issuer or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Issuer 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) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Condition 4(B);
- (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 Issuer and 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 by Condition 4(O); and
- (7) any sale, transfer or other disposition by the Issuer or any Restricted Subsidiary, including the sale or issuance by the Issuer or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Issuer 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 the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended.

“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 Issuer or any Restricted Subsidiary that is secured by a pledge of one or more bank accounts of the Issuer or a Restricted Subsidiary and is used by the Issuer and its Restricted Subsidiaries to in effect exchange foreign currencies.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorised 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 authorised 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 City of New York, London or Hong Kong (or in any other place in which payments on the Bonds are to be made) are authorised 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 Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalised 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 capitalised on the balance sheet or statement of financial position of such Person.

“Capitalised Lease Obligations” means the discounted present value of the rental obligations under a Capitalised Lease.

“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 Issuer 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 Issuer 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 Issuer, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Issuer 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 Issuer 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 50.1 per cent. of the total voting power of the Voting Stock of the Issuer;
- (4) individuals who on the Issue Date constituted the board of directors of the Issuer, together with any new directors whose election was approved by a vote of at least two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Issuer then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Issuer.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline.

“Collateral” means all collateral securing, or purported to be securing, directly or indirectly, the Bonds, any Subsidiary Guarantee or any JV Subsidiary Guarantee pursuant to the Security Documents, and shall initially consist of the Capital Stock of the initial Subsidiary Guarantors.

“Commodity Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“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 Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Issuer and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of such 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 Issuer and its Restricted Subsidiaries (which the Issuer shall use its reasonable best efforts to compile in a timely manner) are available.

“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, amortisation 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 (other than gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Issuer and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary (other than any Restricted Subsidiary that is a Listed Subsidiary and its directly and indirectly held Subsidiaries), 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 Issuer or any Restricted Subsidiary; (2) in the case of any Restricted Subsidiary that is a Listed Subsidiary (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) declared or paid by such Restricted Subsidiary that is a Listed Subsidiary to its shareholders other than the Issuer

or any other Restricted Subsidiary; and (3) 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 (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Issuer or any Restricted.

Subsidiary held by Persons other than the Issuer or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Issuer’s Capital Stock (other than Disqualified Stock) or paid to the Issuer or 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 Issuer 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 Issuer and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalised Lease Obligations and imputed interest with respect to Attributable Indebtedness, (2) amortisation of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) 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, (5) the net costs associated with Hedging Obligations (including the amortisation of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by the Issuer or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest has become payable by the Issuer or any Restricted Subsidiary, and (7) any capitalised 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, and *provided further that*, for the avoidance of doubt, distributions (incurred or accrued) or payments on any Perpetual Bond Obligation shall not be included in the calculation of Consolidated Interest Expense.

“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 and, solely for the purposes of clause (c)(i) of the first paragraph of Condition 4(B), attributable to equity holders of such Person (which excludes net income attributable to non-controlling interests), determined in conformity with GAAP; *provided* that the following items 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 that:
 - (a) subject to the exclusion contained in clause (5) below, the Issuer’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person

during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

- (b) the Issuer's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Issuer or Restricted Subsidiaries;
- (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 Issuer or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Issuer 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 realised on the sale or other disposition of (a) any property or assets of the Issuer or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Issuer realised on sales of Capital Stock of the Issuer or other Restricted Subsidiaries);
- (6) any translation gains and 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 (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sales by the Issuer 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 current book value and the cash sale price shall not be excluded from Consolidated Net Income; (B) for purposes of the Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Issuer 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; and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall not be excluded from Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available semi-annual or annual consolidated statement of financial position of the Issuer and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Issuer, 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 Issuer or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Issuer 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 Issuer 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.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“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 date that is 183 days after the Stated Maturity of the Bonds, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Bonds 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 Bonds; *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 Bonds shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions contained in Condition 4(I) or Condition 8(D) and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer’s repurchase of such Bonds as are required to be repurchased pursuant to Condition 4(I) or Condition 8(D).

“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 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 statement of financial position of the Issuer.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means (a) any Restricted Subsidiary organised in any jurisdiction other than the PRC that is prohibited by applicable law or regulation from providing a Subsidiary Guarantee or a JV Subsidiary Guarantee or creating any Lien over its Capital Stock to secure any of the secured obligations subject to the Intercreditor Agreement; provided that (x) the Issuer 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 may be 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 ceasing to apply to such Restricted Subsidiary or upon the Issuer having obtained applicable approval or registration; or (b) any Restricted Subsidiary organised in any jurisdiction other than the PRC that is or becomes a Listed Subsidiary or Subsidiary of a Listed Subsidiary.

“Existing Offshore Non-Guarantor Subsidiaries” has the meaning given to it in Condition 2(A).

“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 recognised international standing appointed by the Issuer.

“Fitch” means Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors.

“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 quarters prior to such Transaction Date for which consolidated financial statements of the Issuer (which the Issuer shall use its reasonable best efforts to compile in a timely manner) are available (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four 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 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 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 period shall be calculated as if the Issuer or such Restricted Subsidiary had not earned any interest income actually earned during such 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 the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred 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 occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) 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 Issuer 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,

provided that to the extent that clause (d) or (e) 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 quarters 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.

“GAAP” means Hong Kong Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Trust Deed shall be computed in conformity with GAAP applied on a consistent basis.

“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.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

“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 Capitalised 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.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Issuer or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be “Indebtedness.”

Notwithstanding the foregoing, Indebtedness shall not include any (1) capital commitments, pre-sale receipts in advance from customers, deferred payment obligations, 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) Entrusted Loans or (3) Perpetual Bond Obligations; provided that such Indebtedness is not reflected as borrowings on the consolidated statement of financial position of the Issuer (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the statement of financial position will not be deemed to be reflected on such statement of financial position).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date 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:

- (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (2) 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, and
- (3) the amount of Indebtedness with respect to any Hedging Obligation shall be (i) zero if Incurred pursuant to clause (2)(f) of Condition 4(A) and (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at or prior to that time if not Incurred pursuant to clause (2)(f) of Condition 4(A).

“Independent Third Party” means any Person that is not an Affiliate of the Issuer.

“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.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) 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);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) 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 Condition 4(B) and Condition 4(K): (1) the Issuer will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Issuer’s proportional interest in the Fair Market Value of the assets (net of the Issuer’s proportionate interest

in the liabilities owed to any Person other than the Issuer or a Restricted Subsidiary and that are not Guaranteed by the Issuer or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation and (2) 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 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 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 Fitch or any of its successors or assigns or the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Moody’s or Fitch or two or three of them, as the case may be.

“Investment Property” means any property that is owned and held by any PRC Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Issuer or any Restricted Subsidiary from which the Issuer or any Restricted Subsidiary derives or expects to derive operating income.

“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 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 year end of the Issuer and (ii) a percentage equal to the direct equity ownership percentage of the Issuer and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” means a Guarantee by a JV Subsidiary Guarantor pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Bonds, and which provides, among other things, that the aggregate claims of the Trustee 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.

“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).

“Listed Subsidiary” means any Subsidiary of the Issuer, the shares of which are at the relevant time listed on any nationally recognised securities exchange, including but not limited to, The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

“Measurement Date” means January 31, 2013.

“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 Issuer 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. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, 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 cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (b) 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 Issuer and its Restricted Subsidiaries, taken as a whole;
 - (c) 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;
 - (d) appropriate amounts to be provided by the Issuer 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; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, 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 cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, 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.

“New Offshore Non-Guarantor Subsidiaries” means future Restricted Subsidiaries (and its Restricted Subsidiaries) organised outside the PRC that becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary.

“Non-Guarantor Subsidiaries” means the Offshore Non-Guarantor Subsidiaries together with the PRC Non-Guarantor Subsidiaries.

“Offer to Purchase” means an offer to purchase the Bonds by the Issuer from the Bondholders commenced by mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying and Transfer Agent and each Bondholder at its last address appearing in the Bond register stating:

- (1) the Condition or covenant pursuant to which the offer is being made and that all Bonds 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 mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Bond not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Bond 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 Bondholders electing to have a Bond purchased pursuant to the Offer to Purchase will be required to surrender the Bond, together with the form entitled “Option of the Bondholder to Elect Purchase” on the reverse side of the Bond completed, to the Paying and Transfer 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 Bondholders will be entitled to withdraw their election if the Paying and Transfer 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 Bondholder, the principal amount of Bonds delivered for purchase and a statement that such Bondholder is withdrawing his election to have such Bonds purchased; and
- (7) that Bondholders whose Bonds are being purchased only in part will be issued new Bonds equal in principal amount to the unpurchased portion of the Bonds surrendered; provided that each Bond purchased and each new Bond issued shall be in a principal amount of HKD1,500,000 each and integral multiples of HKD10,000 in excess thereof.

On one Business Day prior to the Offer to Purchase Payment Date, the Issuer shall deposit with the Principal Agent money sufficient to pay the purchase price of all Bonds or portions thereof so accepted. On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a pro rata basis Bonds or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Bonds or portions thereof so accepted together with an Officers’ Certificate specifying the Bonds or portions thereof accepted for payment by the Issuer. The Paying and Transfer Agent shall promptly mail to the Bondholders so accepted payment in an amount equal to the purchase price, and the Registrar or an authenticating agent shall promptly authenticate and mail to such Bondholders a new Bond equal in principal amount to any unpurchased portion of the Bond surrendered; *provided* that each Bond purchased and each new Bond issued shall be in a principal amount of HKD1,500,000 each and integral multiples of HKD10,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer will comply with all applicable securities laws and regulations, in the event that the Issuer is required to repurchase Bonds 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 Issuer and its Subsidiaries which the Issuer in good faith believes will assist such Bondholders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer 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 Bondholders to tender Bonds pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Issuer or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or 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 under the Trust Deed, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

“Offshore Non-Guarantor Subsidiaries” means the New Offshore Non-Guarantor Subsidiary together with the Existing Offshore Non-Guarantor Subsidiaries.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee.

“Pari Passu Subsidiary Guarantee” means a guarantee by any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Issuer (including additional Bonds issued under Condition 17); *provided* that (1) the Issuer was permitted to Incur such Indebtedness under Condition 4(A) and (2) such guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to, or which has the aim or effect of enhancing the value or flexibility of or adding value or services to the customers in, any of the businesses of the Issuer and its Restricted Subsidiaries on the Issue Date, including, without limitation real estate acquisition, development, leasing, operation and management (including residential and commercial properties, hotels, leisure facilities and other infrastructure), financing, microfinance and cultural-, entertainment- or marketing-related businesses.

“Permitted Holders” means any or all of the following:

- (1) Mr. Wang Zhenhua;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1);
- (3) the trust of the Person specified in clause (1) or the legal representative thereof; and
- (4) 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 owned 80 per cent. or more by Persons specified in clauses (1) or (2).

“Permitted Investment” means:

- (1) any Investment in the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Issuer 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 Issuer 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 Issuer 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) Investments made by the Issuer or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with Condition 4(I);
- (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 Condition 4(G);
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Issuer or any Restricted Subsidiary otherwise permitted to be Incurred under the Trust Deed;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Issuer’s consolidated statement of financial position;
- (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 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 business;
- (15) deposits made in order to secure the performance of the Issuer or any Restricted Subsidiary and prepayments made in connection with the direct or indirect acquisition of real property or land use rights by the Issuer or any Restricted Subsidiary, in each case in the ordinary course of business;
- (16) an acquisition of assets, Capital Stock or other securities by the Issuer or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Issuer;
- (17) Guarantees permitted under clause (2)(u) of Condition 4(A);
- (18) 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 Issuer or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary), provided that:
 - (a) the aggregate of all Investments made under this paragraph (18) since the Issue Date shall not exceed in aggregate an amount equal to 35.0 per cent. 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 (18) since the Issue Date resulting from:
 - i. payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause, in each case to the Issuer 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 Issuer or a Restricted Subsidiary after the Issue Date under this clause (18) of an obligation of any such Person, or
 - iii. to the extent that an Investment made after the Issue Date under this clause (18) 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 Issuer or a Restricted Subsidiary after the Issue Date in any such Person pursuant to this clause (18);
 - (b) the Person into which such Investment is made is primarily engaged in the Permitted Businesses; provided however that this paragraph (b) shall not apply if such Investment would otherwise have been permitted under this clause (18) and such Investment, together with the aggregate amount of all other Investments made in reliance on this proviso since the Issue Date, shall not exceed in aggregate an amount equal to 5.0 per cent. 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 Issue Date resulting from the events set forth in paragraphs (a)i. through (a)iii. above, where references in such paragraphs to “under this clause (18)” shall be substituted with “in reliance on the proviso in paragraph (b)”;

- (c) none of the other shareholders or partners in such Person in which such Investment was made pursuant to this clause (18) is a Person described in clauses (x) or (y) of the first paragraph of Condition 4(F) (other than by reason of such shareholder or partner being an officer or director of the Issuer, a Restricted Subsidiary or a Minority Joint Venture or by reason of being a Restricted Subsidiary or a Minority Joint Venture);
- (d) no Default has occurred and is continuing or would occur as a result of such Investment;
- (e) the Issuer or such Restricted Subsidiary owns, directly or indirectly, no less than 10.0 per cent. of the voting power of the outstanding Voting Stock of the Person into which such Investment is made (after giving effect to such Investment); and
- (f) at the time of such Investment, the Issuer could Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of Condition 4(A)(1).

For the avoidance of doubt, the value of each Investment made pursuant to this clause (18) shall be valued at the time such Investment is made; and

- (19) any Investment deemed to have been made by the Issuer or any Restricted Subsidiary in connection with a proposed Restructuring upon designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries, provided that (A) (i) the Board of Directors of the Issuer has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring, (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Issuer, 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 (19) since the Issue Date shall not exceed an amount equal to 10.0 per cent. of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 10.0 per cent. of Total Assets shall not constitute a Permitted Investment pursuant to this item but may be made, characterised and accounted for in accordance with the other provisions of the Trust Deed); and provided further that, at the time when (x) the Issuer ceases to hold, directly or indirectly, at least 30.0 per cent. of the Voting Stock of any entity so designated as an Unrestricted Subsidiary or (y) any Person or group of Persons other than the Issuer and its Subsidiaries acquires a higher percentage of the Voting Stock of such entity than the percentage held directly or indirectly by the Issuer, the Issuer will be deemed to make an Investment in such entity equal to the Fair Market Value of any Investment that the Issuer 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 Issuer 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 Issuer or its Restricted Subsidiaries relating to such property or assets;
- (6) 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 Issuer 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;
- (7) Liens in favour of the Issuer or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Issuer or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) 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;
- (10) 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 (2)(f) of Condition 4(A);

- (11) Liens existing on the Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(e) of Condition 4(A); provided that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) Liens under the Security Documents;
- (14) Liens securing any Permitted Pari Passu Secured Indebtedness that complies with each of the requirements set forth under Condition 2(C);
- (15) any interest or title of a lessor in the property subject to any operating lease;
- (16) Liens securing Indebtedness of the Issuer or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (2)(g) of Condition 4(A);
- (17) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favour 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 Issuer or any Restricted Subsidiary;
- (18) Liens (including extensions and renewals thereof) upon real or personal property acquired after the Issue Date; provided that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of Condition 4(A) and 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, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100 per cent. of the cost of such property, development, construction or improvement and (c) 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, in the case of clauses (b) and (c), 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 per cent. 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 Issuer (which the Issuer shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements), 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 (18) does not exceed 130 per cent. of the aggregate principal amount of Indebtedness secured by such Liens;
- (19) 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 Issuer or any Restricted Subsidiary;

- (20) 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 Issuer or any Restricted Subsidiary;
- (21) Liens on deposits made in order to secure the performance of the Issuer or any Restricted Subsidiary in connection with the acquisition of real property or land use rights by the Issuer or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Issuer or any Restricted Subsidiary;
- (22) Liens on the Capital Stock of a PRC Project Company granted by the Issuer or any PRC Restricted Subsidiary in favour of any Trust Issuer Investor (including the sale or transfer of such Capital Stock to such Trust Issuer Investor) in respect of, and to secure, the Indebtedness permitted to be Incurred under clause (2)(p) of Condition 4(A);
- (23) Liens on one or more bank accounts to secure Bank Deposit Secured Indebtedness of the type described under clause 2(r) of Condition 4(A);
- (24) Liens on Investment Properties securing Indebtedness of the Issuer or any PRC Restricted;
- (25) Subsidiary permitted under clause (2)(q) of Condition 4(A); (25) Liens incurred or deposits made to secure Entrusted Loans;
- (26) Liens securing Indebtedness which is permitted to be Incurred under clause (2)(n) of Condition 4(A);
- (27) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness which is permitted to be Incurred under clause (2)(o) of Condition 4(A);
- (28) Liens securing Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantors or JV Subsidiary Guarantors) Incurred pursuant to clause (2)(t) of Condition 4(A);
- (29) Liens securing Indebtedness which is permitted to be Incurred under clause (2)(t) of Condition 4(A);
- (30) Liens securing Indebtedness which is permitted to be Incurred under clause (2)(u) of Condition 4(A); and
- (31) bankers' Liens, rights of setoff and other similar Liens existing with respect to cash and Temporary Cash Investments on deposit in one or more accounts in favour of the bank or banks with which such accounts are maintained, securing (a) amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts, netting arrangements or sweep accounts and (b) Indebtedness owing to such bank; *provided* that, in the case of clause (b), such Indebtedness is permitted to be Incurred under Condition 4(A) and on the date of the Incurrence of such Lien and after giving effect thereto, the aggregate amount of cash and Temporary Cash Investments then used to secure Indebtedness in reliance on this proviso, shall not exceed an amount equal to 1.0 per cent. of Total Assets;

provided that, with respect to the Collateral, “Permitted Liens” shall only refer to the Liens described in clauses (1), (6), (13) and (14) of this definition.

“Permitted Pari Passu Secured Indebtedness” has the meaning set forth under Condition 2(C).

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *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 (excluding Public Indebtedness and any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses 2(a), (b), (d), (f) and (g) of Condition 4(A)) does not exceed an amount equal to 20.0 per cent. of Total Assets.

“Perpetual Bond Obligation” means any security or other obligation (howsoever described) incurred by the Issuer or any Restricted Subsidiary under any “perpetual bond”, “perpetual loan” or similar instrument which is treated as equity under GAAP at the time of issuance of such security or obligation.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan.

“PRC Project Company” means any corporation, association or other business entity organised under the laws of the PRC primarily engaged in a Permitted Business which, at any time, is treated as a “subsidiary” of the Issuer under GAAP, other than an Unrestricted Subsidiary.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Issuer or any Restricted Subsidiary consisting of a guarantee in favour 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 Issuer 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 favour of the relevant lender.

“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.

“PRC CJV” means any Subsidiary that is a Chinese-Foreign Contractual joint ventures enterprise with limited liability, established in the PRC pursuant to the law of the People’s Republic of China on Chinese-Foreign Contractual joint ventures (《中華人民共和國中外合作經營企業法》(主席令第57號)) adopted on April 13, 1988 (as most recently amended on November 7, 2016) and the Detailed Rules for the Implementation of the law of the People’s Republic of China on Chinese-Foreign Contractual Joint Ventures (《中華人民共和國中外合作經營企業法實施細則》(國務院令第648號)) promulgated on September 4, 1995 (as most recently amended on February 19, 2014).

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Issuer or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organised under the laws of the PRC.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Bonds) 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 Common 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 no less than the percentage required by the applicable listing rules.

“Rating Agencies” means (1) S&P and (2) Fitch and (3) if S&P or Fitch or both shall not make a rating of the Bonds publicly available, a nationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P or Fitch 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 Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Fitch used by another Rating Agency. In determining whether the rating of the Bonds has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “+” and “-” for Fitch; 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 (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under Condition 4(O), that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) 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 or the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Bonds 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 Condition 4(O), 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 Bonds are rated by both Fitch and S&P on the Rating Date as Investment Grade, the rating of the Bonds by either Rating Agency shall be below Investment Grade;

- (b) in the event the Bonds are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by such Rating Agency shall be below Investment Grade; or
- (c) in the event the Bonds are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Bonds by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Replacement Assets” means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business.

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“Restructuring” means the restructuring and Qualified IPO of the Common Stock of a Subsidiary of the Issuer in a Restructuring Group.

“Restructuring Group” means a group of Subsidiaries of the Issuer that the Issuer may spin off and separately list on a Qualified Exchange pursuant to a Qualified IPO.

“S&P” means Standard & Poor’s Ratings Services and its affiliates.

“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 Issuer or any Restricted Subsidiary transfers such property to another Person and the Issuer or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Security Documents” means, collectively, the pledge agreements and any other agreements or instruments that may evidence or create any security interest in favour of the Trustee, the Collateral Agent and/or any Bondholders in any or all of the Collateral.

“Senior Indebtedness” of the Issuer or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Issuer or the Restricted Subsidiary, as relevant, whether outstanding on the Issue 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 Issuer, the Bonds, (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 Issuer or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Trust Deed.

“Significant Restricted Subsidiary” means a Restricted Subsidiary, or 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 Issue 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 Issuer or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Issuer or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Issuer or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment 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 instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Bonds, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means unsecured Indebtedness for borrowed money Incurred by the Issuer or any Restricted Subsidiary from but only for long as such Indebtedness is owed to, any Permitted Holder (other than the Issuer or any Restricted Subsidiary) as to which (a) the payment of principal of (and premium, if any) and interest and other payment obligations in respect of such Indebtedness is, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued or remains outstanding and an agreement (the “Subordination Agreement”) to be entered into among the holders of such Indebtedness (or trustees or agents therefor) and the Trustee, is expressly made subordinate to the prior payment in full of the Bonds or the Subsidiary Guarantees, as the case may be, to at least the following extent: (i) no payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Indebtedness may be permitted for so long as any Default exists; (ii) such Indebtedness may not (x) provide for payments of principal of such Indebtedness at the Stated Maturity thereof or by way of a sinking fund applicable thereto or by way of any mandatory redemption, defeasance, retirement or repurchase thereof by the Issuer or such Subsidiary Guarantor (including any redemption, retirement or repurchase which is contingent upon events or circumstances), in each case prior to the final Stated Maturity of the Bonds or (y) permit redemption or other retirement (including pursuant to an offer to purchase made by the Issuer or any Restricted Subsidiary) of such other Indebtedness at the option of the holder thereof prior to the final Stated Maturity of the Bonds, except that to the extent such redemption or other retirement is permitted under Condition 4(B) on the date of such redemption or other retirement; (iii) the Subordination Agreement will prevent the holders of such Indebtedness (or trustees or agents therefor) from pursuing remedies against the Issuer or any of the Restricted Subsidiaries or their respective assets or properties in an insolvency proceeding or in respect of a default under such Indebtedness and (iv) the Subordination Agreement will provide in the event that any payment is received by the holders of such Indebtedness (or any trustee or agent therefor) in respect of such Indebtedness where such payment is prohibited by one or more of the subordination provisions described in this definition, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee on behalf of the Bondholders, and (b) the terms thereof provide that interest (and premium, if any) thereon is paid solely in the form of pay-in-kind, or PIK, payments constituting additional Subordinated Shareholder Loans.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which (i) more than 50.0 per cent. 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) 50.0 per cent. or less 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 and in each case which is “controlled” and consolidated by such Person in accordance with GAAP; provided, however, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of Condition 4(K).

“Subsidiary Guarantee” means any Guarantee of the obligations of the Issuer under the Trust Deed and the Bonds by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Bonds pursuant to the Trust Deed and the Bonds; provided that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Trust Deed and the Bonds or (b) any JV Subsidiary Guarantor.

“Subsidiary Guarantor Pledgor” means any initial Subsidiary Guarantor Pledgor named herein and any other Subsidiary Guarantor which pledges Collateral to secure the obligations of the Issuer under the Bonds and the Trust Deed 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, the Trust Deed and the Bonds.

“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 any 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 any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, any state of the European Economic Area, shall be rated at least “A” by S&P or Moody’s;
- (2) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organised under the laws of the United States of America, 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 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 recognised statistical rating organisation (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 not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Issuer) organised and in existence under the laws of the United States of America, any state thereof or any foreign country recognised 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 per cent. of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits, money market deposits and principal protected structured deposit products (that 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) with any bank, trust company or other financial institution organised under the laws of the PRC or Hong Kong.

“Total Assets” means, as of any date, the total consolidated assets of the Issuer and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Issuer (which the Issuer shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements); provided that only with respect to clause (2)(h) of Condition 4(A) 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 Issuer 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.

“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.

“Trust Issuer Investor” means an Independent Third Party that is a financial institution, including but not limited to a bank, a trust company, a securities management company, an asset management company or an insurance company organised under the laws of the PRC, or an Affiliate thereof, that Invests in any Capital Stock of a PRC Project Company.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Trust Deed; and (2) any Subsidiary of an Unrestricted Subsidiary.

“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 all 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 is entitled to 95 per cent. or more of the economic benefits distributable by such Subsidiary.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.25 per cent. per annum. Such interest will be payable in arrear on 12 August 2018 and on the Maturity Date (as defined in Condition 8(A)). Each of 12 August 2018 and the Maturity Date is an “Interest Payment Date”. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and the period beginning on the first Interest Payment Date and ending on but excluding the Maturity Date is called an “Interest Period”.

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 defined below), or if none, the Issue Date 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 principal is improperly withheld or refused. In such event, such unpaid principal shall bear interest at the rate of three per cent. per annum (both before and after judgment) (“Default Interest”) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest in respect of any Bond shall be calculated per HKD10,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for each Interest Period (and any period less than a complete Interest Period) shall be equal to the product of 2.25 per cent., the Calculation Amount and the day-count fraction determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 Conversion

(A) Conversion Right

- (i) *Conversion Period*: Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 6(A)(iv)) credited as fully paid at any time during the Conversion Period referred to below (the "Conversion Right").

Subject to and upon compliance with these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after the date which is 41 days after the Issue Date (both days inclusive) to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling seven days prior to the Maturity Date (as defined in Condition 8(A)) (both days inclusive) (but, except as provided in Condition 6(A)(iii), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof (the "Conversion Period").

A Conversion Right may not be exercised (a) in respect of any Bond that shall have been called for redemption prior to the Maturity Date, up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof or (b) in respect of a Bond where the holder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or (c) except as provided in Condition 6(A)(iii) following the giving of notice by the Trustee pursuant to Condition 10.

The price at which Shares will be issued upon exercise of a Conversion Right (the "Conversion Price") will initially be HKD10.496 per Share, but will be subject to adjustment in the circumstances described in Conditions 6(C).

The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the relevant Conversion Date (as defined below). 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 exercise of Conversion Rights and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that 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 29 January 2018 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in Hong Kong dollars 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, provided that such sum exceeds HKD100. Any such sum shall be paid not later than five Stock Exchange Business Days after the relevant Conversion Date by a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice. “Stock Exchange Business Day” means any day (other than a Saturday or Sunday) on which the Relevant Stock Exchange (as defined in Condition 6(F) below) is open for the business of dealing in securities.
- (iii) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall on the date fixed for redemption thereof 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 in accordance with 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 in accordance with Condition 11 and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice (as defined below) 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.
- (iv) *Meaning of “Shares”*: As used in these Conditions, the expression “Shares” means ordinary shares of par value HKD0.001 each in the share capital of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of such ordinary 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.

(B) Conversion Procedure

- (i) *Conversion Notice*: Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during normal business hours between 9.00 a.m. and 3.00 p.m. (local time in the place in which the specified office of such Conversion Agent is located) accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Conversion Agent, together with (a) the relevant Certificate; and (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been or (where permitted by law) will be so paid and on such other matters as may be required under the laws of the jurisdiction of incorporation of the Issuer or jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after the end of such normal business hours between 9.00 a.m. and 3.00 p.m. (local time in the place in which the specified office of such Conversion Agent is located) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall be conclusive and binding on the Issuer, the Trustee, the Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

The conversion date in respect of a Bond (the “Conversion Date”) shall be deemed to be the 10th Trading 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 and, if applicable, any such abovementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right.

- (ii) *Stamp Duty etc.*: A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and/or capital, stamp, issue and registration and transfer taxes and duties (“Duties”) arising on such exercise (other than any 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 Relevant Stock Exchange on conversion, being the “Issuer Duties”) (the “Taxes”). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds and all charges of the Agents and the share transfer agent for the Shares (the “Share Transfer Agent”). The Bondholder (and, if different, the person to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of Taxes payable pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor any of the Agents shall be responsible for paying any Duties, Taxes, expenses or other amounts referred to in this Condition 6(B)(ii) or for determining whether such Duties are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay such Duties, Taxes, expenses or other amounts.

- (iii) *Registration*: Upon exercise by a Bondholder of its Conversion Right and compliance with Conditions 6(B)(i) and 6(B)(ii) the Issuer will, as soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, 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 and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong ("CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through CCASS for so long as the Shares are listed on the HKSE; 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 11 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 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.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(iii) will be deemed to satisfy the Issuer's obligation to pay the principal and premium (if any) on such converted Bonds.

If the Conversion Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C), but before the relevant adjustment becomes effective (the "Relevant Effective Date") under the relevant Condition (a "Retroactive Adjustment"), 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 ("Additional Shares") as is, together with Shares to be issued on conversion of the Bond(s), 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 and in such

event and in respect of such Additional Shares references in this Condition 6(B)(iii) to the Conversion Date shall be deemed to refer to the Relevant Effective Date (notwithstanding that the Relevant Effective Date falls after the end of the Conversion Period).

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 exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is 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 Condition 6(B)(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 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 a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iv) *Interest Accrual:* If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B), Condition 8(C) or Condition 8(D) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such 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 distribution 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 Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

(C) Adjustments to Conversion Price

The Conversion Price will be subject to adjustment as follows:

- (1) **Consolidation, Subdivision, Redesignation or Reclassification:** If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation 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 such consolidation, subdivision, redesignation or reclassification takes effect.

- (2) **Capitalisation of Profits or Reserves:**

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (the "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 (as defined below)) and which would not have constituted a Distribution (as defined below), 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 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 aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price (as defined below) per Share exceeds the amount of the Relevant Cash Dividend (as defined below) or the relevant part thereof and which would not have constituted a Distribution, 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 issued Shares immediately before such issue;
- B is the aggregate nominal amount of 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 for which Shareholders have elected to receive as Shares issued by way of Scrip Dividend and (ii) the denominator is the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price per Share; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

or by making such other adjustment as an Independent Investment Bank shall certify in writing to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares issued by way of Scrip Dividend or if a record date is fixed therefor, immediately after such record date.

- (3) **Distributions:** If and whenever the Issuer shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price per Share on the date on which the Distribution is first publicly announced; and
- B is the Fair Market Value (as defined below) per Share.

Such adjustment shall become effective on the date that such Distribution is actually made or paid or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value”) be determined as at the date on which the Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(C)(3), 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, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Issuer.

- (4) **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, purchase or otherwise acquire any Shares, in each case at less than 95.0 per cent. of the Current Market Price per Share on the date of the first public 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 aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration receivable 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 for, 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.

- (5) **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 for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights 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 per Share on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value per Share 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 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. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue or grant are publicly announced or, if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (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) 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 shall issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 95.0 per cent. of the Current Market Price on the date of the first public 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:

$$\frac{A + B}{C}$$

Where:

- A is the aggregate 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 receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

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, purchase or otherwise acquire 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 issue of such options, warrants or other rights.

- (7) **Other Issues at less than Current Market Price:** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 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 any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95.0 per cent. of the Current Market Price on the date of the first public 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 aggregate 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 per Share; 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 on the issue date of such securities.

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

- (8) **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 reduced and 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 aggregate number of Shares in issue immediately before such modification;
- B is the maximum 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 per Share 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.

- (9) **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 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, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price per Share on the date on which such issue, sale or distribution is publicly announced; and
- B is the Fair Market Value of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein.

- (10) **Adjustment upon Change of Control:** If a Change of Control (as defined in Condition 4(S)) shall occur, the Issuer shall give a Relevant Event Notice (as defined in Condition 8(D)) in accordance with Condition 11 as provided in Condition 8(D). If, following the occurrence of a Change of Control, Conversion Rights are exercised during the Change of Control Conversion Period (as defined below), the Conversion Price shall be adjusted in accordance with the following formula:

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

Where:

NCP means the Conversion Price after such adjustment

OCP means the Conversion Price before such adjustment. For the avoidance of doubt, OCP shall be the Conversion Price in effect on the relevant Conversion Date

CP means 28.0 per cent. expressed as a fraction

c means the number of days from and including the date such Change of Control occurs to but excluding the Maturity Date

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

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(C)(10) below the level permitted by applicable laws and regulations from time to time (if any).

For purposes of this Condition 6(C)(10), the “**Change of Control Conversion Period**” means a period of 30 days from the later of (a) the date of occurrence of a Change of Control and (b) the date on which the Relevant Event Notice relating to such Change of Control is given to the Trustee and the Bondholders.

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period.

- (11) **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 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 events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.

(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:

- (i) it will (a) maintain a listing for all the issued Shares on the HKSE (as defined in Condition 6(F)), and (b) obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on the HKSE, and if the Issuer is unable to obtain or maintain such listing, 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 (with the prior written consent of the Trustee) and will forthwith give notice to the Bondholders in accordance with Condition 11 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 the Taxes specified in Condition 6(B)(ii)); and
- (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.

In the Trust Deed, the Issuer has also undertaken with the Trustee 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, grant 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, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

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

(E) Provisions Relating to Changes in Conversion Price

- (i) *Minor adjustments*: On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 11 and to the Trustee promptly after the determination thereof.
- (ii) *Decision of an Independent Investment Bank*: If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(C) should be made, and following consultation between the Issuer and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.
- (iii) *Minimum Conversion Price*: Notwithstanding the provisions of this Condition 6, the Issuer undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.
- (iv) *Reference to "fixed"*: Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- (v) *Multiple events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent 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.
- (vi) *Upward/downward adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above. The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee and the Bondholders in accordance with Condition 11, reduce the Conversion Price, subject to Condition 6(E)(iii).

- (vii) *Trustee not obliged to Monitor or make or verify Calculations*: Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price (including without limitation in connection with any adjustment to the Conversion Price) and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Investment Bank in making a determination or (in the case of any Independent Investment Bank) giving any opinion or advice or any erroneous determination, opinion or advice in connection with the Conversion Price.
- (viii) *Notice of Change in Conversion Price*: The Issuer shall give notice to the Bondholders in accordance with Condition 11 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.
- (ix) *Exclusions*: Notwithstanding any provision in this Condition 6, no adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of the Issuer or any Subsidiary pursuant to any share option scheme, share aware scheme, restricted share scheme or employee incentive plan (“Share Option Schemes”) unless any grant or issue of Shares, options, rights or securities pursuant to the Share Option Schemes would result in the total number of Shares which may be issued upon exercise of such Shares, options, rights or securities granted during any 12 month period up to and including the date of such grant representing, in aggregate over three per cent. of the average number of issued and outstanding Shares during such 12 month period (“Excess Threshold”), in which case only such portion of the grant or issue of Shares, options, rights or securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to this Condition 6.

(F) Definitions

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 HKSE, such other internationally recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“Closing Price” means, in respect of a Share for any Trading Day, the closing market price quoted by the HKSE or, as the case may be, the Alternative Stock Exchange for such Trading Day;

“Current Market Price” means, in respect of a Share on a particular date, the average of the daily Closing Prices of one Share on each of the 10 consecutive Trading Days ending on and including (i) the Trading Day immediately preceding such date or (ii) if the relevant announcement was made after the close of trading on such date (being a Trading Day), such date of announcement; provided that

if at any time during such 10 Trading Day period the Shares shall have been quoted ex-dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-dividend (or cum-any other entitlement) then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the dividend or entitlement in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if on each of the said 10 Trading Days the Shares have been quoted cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share;

“Distribution” means, on a per Share basis, (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of 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)); or (ii) any cash dividend or distribution (including, without limitation, a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) where the average purchase or redemption price (before expenses) on any one day in respect of such purchases or redemptions does not exceed 105.0 per cent. of the Current Market Price either (1) on that date, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day;

“Fair Market Value” means, for purposes of Condition 6 only, 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; and (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;

“HKSE” means The Stock Exchange of Hong Kong Limited or any successor thereto;

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected by the Issuer and notified, in writing, to the Trustee. If the Issuer fails to select an Independent Investment Bank when required by these Conditions, the Trustee may (at its absolute discretion) (but shall not be obliged to) select the Independent Investment Bank;

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;

“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 HKSE 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 for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii));

“Trading Day” means a day when the HKSE 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; and

References to any issue or offer or grant to Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

7 Payments

(A) *Method of Payment*

Payment of principal, premium and interest (if any) and any other amount due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder. Such payment 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 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 fifteenth 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.

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

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.

When making payments to Bondholders, fractions of one Hong Kong cent will be rounded down to the nearest Hong Kong cent and the Issuer shall not be liable for the payment of any such fractions.

(B) *Registered Accounts*

For the purposes of this Condition 7, a Bondholder’s registered account means the Hong Kong dollar account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the second Payment 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.

(C) *Fiscal Laws*

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any applicable withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(D) *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 Payment Business Day (as defined below in Condition 7(F)), for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, premium and interest (if any) due other than on an Interest Payment Date if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) *Delay In Payment*

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

(F) *Payment Business Day*

In this Condition 7, “Payment Business Day” means a day other than a Saturday or Sunday on which commercial banks are open for business in New York City, Hong Kong, London 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.

(G) *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.

(H) *Agents*

The initial Agents and their initial specified offices are listed below. Each of the Issuer and the Subsidiary Guarantors reserves the right at any time, subject to the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that they will at all times maintain (i) a Principal Agent and (ii) 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 and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer and the Subsidiary Guarantors to the Bondholders and in any event not less than 45 days’ notice will be given.

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 100 per cent. of its principal amount (the “Redemption Price”) on 10 February 2019 (the “Maturity Date”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) (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 Trustee in writing and to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the “Tax Redemption Date”) at a redemption price of 100 per cent. of their principal amount as at such date together with interest accrued but unpaid to such date (if any), if the Issuer or any Subsidiary Guarantor satisfies the Trustee immediately prior to the giving of such notice that (i) it 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 Hong Kong, the PRC or the Cayman Islands or the relevant jurisdiction of incorporation of each relevant Subsidiary Guarantor or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 29 January 2018, and (ii) such obligation cannot be avoided by the Issuer or any Subsidiary Guarantor 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 Condition 8(B), the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above of this Condition 8(B) cannot be avoided by the Issuer or any Subsidiary Guarantor taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing with respect to tax matters and acceptable to the Trustee to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders. Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds at a redemption price of 100 per cent. of their principal amount, together with interest accrued to the Tax Redemption Date (if any).

If the Issuer issues a Tax Redemption Notice, 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 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 by the Issuer in respect thereof pursuant to Condition 9 and payment of all amounts by the Issuer to such holder in respect of such Bond(s) shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "Tax Option Exercise Notice") together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

(C) Clean up Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "Clean up Redemption Notice") to the Trustee in writing and to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), the Bonds may be redeemed by the Issuer in whole but not in part, on the date (the "Clean up Redemption Date") specified in the Option Redemption Notice at a redemption price of 100 per cent. of their principal amount together with interest accrued but unpaid to such date (if any) at any time if, immediately prior to the date the relevant Clean up Redemption Notice is given, at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

(D) Redemption for Relevant Event

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, or some only, of such holder's Bonds on the Relevant Event Put Date at a redemption price of 100 per cent. of their principal amount together with interest accrued but unpaid to such date (if any). 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 (a "Relevant Event Put Exercise 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 11. The “Relevant Event Put Date” shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent. The Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Relevant Event Put Date.

Within 20 days of the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee in writing and to the Bondholders in accordance with Condition 11 (a “Relevant Event Notice”). The notice regarding the Relevant Event shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition. Such Notice shall also specify: (a) the date of such Relevant Event and, all information material to Bondholders concerning the Relevant Event; (b) the Relevant Event Put Date; (c) the last date by which a Relevant Event Put Exercise Notice must be given; (d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (e) the information required by Condition 8(G).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and none of them shall be responsible or liable to Bondholders or any other person for not doing so.

For the purposes of this Condition 8(D): “Relevant Event” occurs:

- (i) when the Shares cease to be listed or admitted to trading or suspended from trading for a period equal to or exceeding 30 consecutive Trading Days on the HKSE or, if applicable, the Alternative Stock Exchange; or
- (ii) when there is a Change of Control (as defined in Condition 4(S)).

(E) Purchase

The Issuer, each Subsidiary Guarantor, each Subsidiary Guarantor Pledgor or any of their respective Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(F) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer, any Subsidiary Guarantor, and Subsidiary Guarantor Pledgor or any of their respective 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.

Bonds held by or on behalf of the Issuer, the Subsidiary Guarantors or any of their respective Subsidiaries will not be treated as outstanding for the purposes of the Trust Deed and these Conditions.

(G) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will be given in accordance with Condition 11 specifying: (a) the Conversion Price as at the date of the relevant notice; (b) the last day on which Conversion Rights may be exercised; (c) the Closing Price and Current Market Price of the Shares on the latest practicable date prior to the publication of the notice; (d) the applicable redemption amount and the accrued interest payable (if any); (e) the date for redemption; (f) the manner in which redemption will be effected; and (g) 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 8), 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 under these Conditions.

9 Taxation

All payments of principal, premium and interest (if any) made by or on behalf of the Issuer or, as the case may be, any Subsidiary Guarantor or Subsidiary Guarantor Pledgor under or in respect of the Bonds, the Intercreditor Agreement, the Trust Deed or the Agency Agreement shall 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, levied collected, withheld or assessed by or on behalf of Hong Kong, the PRC or the Cayman Islands or the relevant jurisdiction of incorporation of each relevant Subsidiary Guarantor (each, as applicable, a “**Relevant Jurisdiction**”), 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 relevant Subsidiary Guarantor or Subsidiary Guarantor Pledgor will pay such additional amounts (“**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) for or on account of:
 - (a) 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 Bond and the Relevant Jurisdiction or the jurisdiction through which payments are made, other than merely holding such Bond or the receipt of payments thereunder or under a Subsidiary Guarantee, 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 Bond (in cases in which presentation is required) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Tax Amounts if it had presented such Bond 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 Issuer or any Subsidiary Guarantor addressed to the holder, to provide information concerning such holder's or its beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction or the jurisdiction through which payments are made, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Tax Amounts would have otherwise been payable to such holder; or
 - (D) the presentation of such Bond (in cases in which presentation is required) for payment in the Relevant Jurisdiction or the jurisdiction through which payments are made, unless such Bond could not have been presented for payment elsewhere;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. 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 to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or
 - (d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) or (c); or
- (ii) 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 in the income under the laws of a Relevant Jurisdiction or the jurisdiction through which payments are made, for tax purposes, 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 Tax Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof.

“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 payment made.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(D).

10 Events of Default

The following events will be defined as “**Events of Default**” in these Conditions:

- (i) *Non-Payment of principal or premium*: the Issuer defaults in the payment of principal of (or premium, if any, on) the Bonds when the same becomes due and payable; or
- (ii) *Non-Payment of interest*: the Issuer defaults in the payment of interest (if any) on the Bonds when the same becomes due and payable, and such default continues for a period of 30 consecutive days; or
- (iii) *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; or
- (iv) *Breach of Certain Covenants*: default in the performance or breach of the provisions in Condition 4(O), the failure by the Issuer to make or consummate an offer to purchase in the manner described under Condition 4(I) or the failure by the Issuer 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 Condition 2(C); or
- (v) *Breach of Other Obligations*: the Issuer or any Restricted Subsidiary does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed (other than a default specified in clause (i) to (iv) above) and such default or breach continues for a period of 30 consecutive days after written notice of such default shall have been given to the Issuer or such Restricted Subsidiary by the Trustee; or
- (vi) *Cross-Default*: there occurs with respect to any Indebtedness of the Issuer or any Restricted Subsidiary 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, (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) the failure to make a principal payment when due; or
- (vii) *Enforcement*: one or more final judgments or orders for the payment of money are rendered against the Issuer or any Restricted 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 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; or

- (viii) *Proceedings*: an involuntary case or other proceeding is commenced against the Issuer or any Significant Restricted Subsidiaries 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 Restricted Subsidiaries or for any substantial part of the property and assets of the Issuer or any of its Significant Restricted Subsidiaries 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 Restricted Subsidiaries under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or
- (ix) *Winding-up*: the Issuer or any Significant Restricted Subsidiaries (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 Restricted Subsidiaries or for all or substantially all of the property and assets of the Issuer or any Significant Restricted Subsidiaries or (c) effects any general assignment for the benefit of creditors; or
- (x) *Repudiation – Trust Deed*: 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 the Trust Deed, 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; or
- (xi) *Default*: any default by the Issuer or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents, 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; or
- (xii) *Repudiation – Security Document*: the Issuer or any Subsidiary Guarantor Pledgor denies or 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 Trustee ceases to have a security interest in the Collateral (subject to any Permitted Liens and the Intercreditor Agreement).

If an Event of Default (other than an Event of Default specified in clauses (viii) or (ix) above) occurs and is continuing under these Conditions, the Trustee, by written notice to the Issuer, may, and the Trustee at the request of the Bondholders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Bonds to be immediately due and payable or to enforce the performance of any provision of the Bonds or these Conditions. 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 (viii) or clause (ix) above shall occur with respect to the Issuer or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Bonds then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee.

11 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

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 (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.

12 Prescription

Claims in respect of amounts due in respect of the Bonds shall be prescribed and become void unless made as required by Condition 7 within 10 years (in the case of principal or premium) and five years (in the case of interest) from the appropriate Relevant Date.

13 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Waiver

(A) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate 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 held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (a) to modify the due date for any payment in respect of the Bonds, (b) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 8(B), 8(C) or 8(D); (c) to reduce or cancel the principal amount or interest

payable in respect of the Bonds or changing the method of calculation of interest, (d) to change the currency of denomination or payment of the Bonds, (e) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (f) 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, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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 for the time being outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(B) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (together the “Documentation”) which in the Trustee’s opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, any such modification and any authorisation or waiver which is in writing shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 11. Notwithstanding any other provision, no modification to the Bonds or the Documentation shall be made without the written consent of the Issuer.

(C) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 14) 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.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 14(A), a modification, waiver or authorisation in accordance with Condition 14(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 11.

15 Enforcement

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it needs not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 50 per cent. in aggregate principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

16 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any Subsidiary Guarantor or Subsidiary Guarantor Pledgor and any entity related (directly or indirectly) to the Issuer or any Subsidiary Guarantor or Subsidiary Guarantor Pledgor without accounting for any profit.

The Trustee may rely without liability to Bondholders or any other person on any report, confirmation or certificate from or any opinion or advice of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice, in which case such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, each Subsidiary Guarantor, each Subsidiary Guarantor Pledgor, the Trustee and the Bondholders.

None of the Trustee or any Agent shall be responsible for the performance by any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice to the contrary, each of the Trustee and each Agent shall assume that the same are being duly performed. The Trustee shall not be liable to any Bondholder or any other person for any action taken by the Trustee in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received.

The Trustee shall not be under any obligation to monitor compliance with the provisions of these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Subsidiary Guarantors and/or the Subsidiary Guarantor Pledgors and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

17 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 17 and forming a single series with the Bonds. Any further securities forming a single series with the Bonds shall be constituted by a deed supplemental to the Trust Deed.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Submission to Jurisdiction

(A) Governing Law

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(B) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds (“Proceedings”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 19(B) is for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(C) Agent for Service of Process

Pursuant to the Trust Deed, the Issuer has irrevocably appointed Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent ceases to be able to act as such or ceases to have an address in England, the Issuer irrevocably agrees to forthwith appoint a substitute process agent in England and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions set out in this document. The following is a summary of certain such provisions. Terms defined in the Terms and Conditions have the same meanings when used below.

Exchange into Definitive of Bonds Represented by Global Certificates

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar through which the Bonds are held (an “Alternative Clearing System”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Payments

Principal in respect of the Global Certificate shall be paid to its holder without presentation or (if no further payment is to be made in respect of the Bonds) against presentation and surrender of it to or to the order of the Principal Agent in respect of the Bonds (or to or to the order of such other Paying and Exchange Agent as shall have been notified to the Bondholders for this purpose).

Cancellation

Cancellation of any Bonds represented by the Global Certificate following its redemption, conversion or purchase by the Issuer, any Subsidiary Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Conversion

Subject to the requirements of Euroclear and Clearstream (or any Alternative Clearing System), the Conversion Right attaching to a Bond in respect of which the Global Certificate is issued may be exercised by the presentation thereof or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear and Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each HK\$10,000 in principal amount of Bonds for which the Global Certificate is issued.

Bondholder's Redemption

The Bondholder's redemption option in the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms Conditions.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

USE OF PROCEEDS

The Issuer intends to use the net proceeds of the issuance of the Bonds (after deducting issue expenses) for its development and refinancing purposes and as the Issuer's general working capital.

Pending application of the net proceeds of the issuance of the Bonds (after deducting issue expenses), the Issuer intends to invest such net proceeds in "Temporary Cash Investments" as defined under the Terms and Conditions.

The Issuer may adjust its development plans in response to future events and developments, such as changes in general market conditions, the outlook for the Issuer's industry and the demand for the Issuer's properties, and its directors may reallocate the use of the proceeds with a view to obtaining the optimal benefit for the Issuer.

DESCRIPTION OF THE ISSUER

Set out below is a brief description of the Issuer. Each of the Issuer, the Subsidiary Guarantors and the Managers does not accept any responsibility for the completeness or sufficiency of the information set out below.

The Issuer is a limited liability company incorporated under the laws of the Cayman Islands on April 23, 2010. The Issuer was listed on the HKEx on November 29, 2012. The Issuer has a corporate rating of “Ba2” by Moody’s Investors Service, Inc. (“Moody’s”), “BB” by Standard & Poor’s Ratings Services (“Standard & Poor’s”) and “BB” by Fitch Ratings Ltd.

The Issuer is a leading property developer in the Yangtze River Delta in the PRC, focusing primarily on the development of quality residential properties and mixed-use complex projects. The Issuer was ranked among the top 20 real estate developers in the PRC by China Real Estate Industry Federation (中國房地產產業協會) and China Real Estate Evaluation Center (中國房地產測評中心) in 2017. The Issuer was ranked first in terms of overall strength among property developers in Jiangsu Province for 12 consecutive years from 2005 according to the annual rankings published by the Jiangsu Real Estate Association (江蘇省房地產產業協會).

As of June 30, 2017, the Issuer had 191 real estate projects in 43 cities in the PRC, of which 149 were under development and/or held for future development. These projects included approximately 19.4 million sq.m. under development and approximately 24.6 million sq.m. held for future development. As of June 30, 2017, the Issuer had land reserves with a total estimated GFA of approximately 43.74 million sq.m., of which 33.83 million sq.m. are attributed to the Group’s interests.

DESCRIPTION OF ISSUER SHARES

The following statements are summaries of certain provisions of the Issuer's memorandum and articles of association and the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Cayman Companies Law"). These summaries do not purport to be complete and are qualified in their entirety by reference to the Issuer's full memorandum and articles of association.

Voting Rights

Subject to any special rights or restrictions as to voting for the time being attached to any class or classes of shares in accordance with the Issuer's articles of association, at any general meeting where a show of hands is allowed, every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) shall have one vote, and on a poll, every member present in person or, in the case of a member being a corporation, by its duly authorized representative, or by proxy shall have one vote for every fully paid share of which he is the registered holder in the Issuer's register of members but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll, save that the chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the HKEx listing rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is the Issuer's member, it may authorize such person or persons as it deems fit to act as its proxy(ies) or representative(s) at any of the general meetings of the Issuer's company or at any general meeting of any class of the Issuer's members provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Issuer's company holding the number and class of shares specified in such authorization, notwithstanding any contrary provision contained in the Issuer's articles of association.

Where the Issuer has any knowledge that any shareholder is, under the rules of the HKEx, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Inspection of Books and Records

The Issuer's members have no general right under the Cayman Companies Law to inspect or obtain copies of the Issuer's register of members or corporate records. However, the Issuer's articles of association allow its members and the public to inspect the Issuer's register of members.

Winding Up

If the Issuer's shall be wound up, and the assets available for distribution among the Issuer's members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Issuer's members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the Issuer's members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the Issuer's members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Miscellaneous

The Issuer shall not be bound to register more than four persons as joint holders of any share. If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of the Issuer's articles of association, all or any other matters connected with the Issuer, except the transfer of the share.

Source of Shareholders' Rights

Currently, the primary sources of shareholders' rights are the Issuer's articles of association, the Cayman Companies Law and, for so long as the Issuer Shares as listed on the HKEx, the HKEx listing rules, which impose certain standards of conduct, fairness and disclosure on the Issuer, its directors and controlling shareholders.

In addition, for so long as the Issuer Shares are listed on the HKEx, the Issuer will be subject to the Securities and Futures Ordinance of Hong Kong and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

Enforceability of Shareholders' Rights

There are no provisions in the Issuer's articles of association relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to the Issuer's shareholders under Cayman Islands law, as summarized below.

In many jurisdictions, such as most states of the United States, shareholders may sue a corporation "derivatively." A derivative suit involves the commencement by a shareholder of a corporate cause of action against persons (including corporate officers, directors or controlling shareholders) who have allegedly wronged the corporation, where the corporation itself has failed to enforce such claim against such persons directly. Such action is brought on the basis of a primary right of the corporation, but is asserted by a shareholder on behalf of the corporation.

The Cayman Islands courts can be expected to follow English case law precedents including the exceptions to the rule in *Foss v. Harbottle* which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained.

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court which may make a winding-up order if the court is of the opinion that it is just and equitable that the company should be wound up. Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The holders of the Issuer Shares will not be able to bring actions on the basis of violations of the HKEx listing rules and must rely on the HKEx to enforce its rules. Part XV of the Securities and Futures Ordinance establishes certain obligations in relation to disclosure of shareholder interests in Hong Kong listed companies, the violation of which is the subject of prosecution by the SFC in Hong Kong. The Hong Kong Codes on Takeovers and Share Repurchases do not have the force of law and are only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong as established by the SFC and the securities and futures industry in Hong Kong.

Restrictions on Transferability and the Share Register

The Issuer is required to keep a register of the Issuer's shareholders, which shall comprise various parts. One part is to be maintained in Hong Kong in relation to the Issuer Shares listed on the HKEx. Under the Issuer's articles of association, the Issuer's shareholders have the right to inspect the share register. Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Issuer's directors may approve, which is consistent with the standard form of transfer as prescribed by the HKEx and approved by the Issuer's directors. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee, provided that the Issuer's board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The transferor shall be deemed to remain the holder of the transferred shares until the name of the transferee is entered in the Issuer's register of members in respect thereof. All instruments of transfer shall be retained by the Issuer.

The Issuer has appointed Maples Fund Services (Cayman) Limited and Computershare Hong Kong Investor Services Limited to act as the Issuer's transfer agent and registrar of the Issuer Shares in the Cayman Islands and Hong Kong, respectively. The Issuer's Cayman Islands and Hong Kong registrars maintain the Issuer's register of Issuer Shares at their offices in Cayman Islands and Hong Kong, respectively, and enter transfers of the Issuer Shares in such register, and issues certificates evidencing such Issuer Shares to and in the name of the transferee, upon the presentation of the instruments of transfer described above and any payment of any relevant tax or governmental charge that may be imposed in relation to such transfer.

Financial and Accounting Systems

The Issuer has established its financial and accounting systems in accordance with applicable laws, administrative regulations and HKFRSs.

The Issuer's board of directors shall cause true accounts to be kept of the sums of money received and expended by the Issuer, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Issuer and of all other matters required by the Cayman Companies Law or necessary to give a true and fair view of the Issuer's affairs and to explain its transactions.

The accounting records shall be kept at the principal place of business or at such other place or places as the Issuer's board decides and shall always be open to inspection by any director. No member (other than a director) shall have any right to inspect any accounting record or book or document of the Issuer except as conferred by law or authorized by the board or the Issuer in general meeting.

A copy of every balance sheet and profits and loss account (including every document required by law to be annexed thereto) which is to be laid before the Issuer at its general meeting, together with a printed copy of the directors' report and a copy of the auditors' report, shall, not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting, be sent to every person entitled to receive notices of the Issuer's general meetings under the provisions of the Issuer's articles of association; however, subject to compliance with all applicable laws, including the rules of the HKEx, the Issuer may send to such persons a summary financial statement derived from the Issuer's annual accounts and the directors' report instead, provided that any such person may by notice in writing served on the Issuer demand that it be sent to any such person, in addition to a summary financial statement, a complete printed copy of the Issuer's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Issuer's articles of association. The remuneration of the auditors shall be fixed by the Issuer in a general meeting or in such manner as the members may determine.

The Issuer's financial statements shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose the fact and name such country or jurisdiction.

Disclosure

The HKEx imposes a requirement on the Issuer to keep the HKEx, the Issuer's shareholders and other holders of the Issuer's listed securities informed as soon as reasonably practicable of any information relating to the Issuer, including information on any major new developments which are not public knowledge, which (i) is necessary to enable them and the public to appraise the Issuer's position, (ii) is necessary to avoid the establishment of a false market in the Issuer's securities, or (iii) might be reasonably expected to materially affect market activity in and the price of the Issuer's securities.

There are also requirements under the HKEx listing rules for the Issuer to obtain prior shareholders' approval and/or to disclose to shareholders details of certain acquisitions or disposals of assets and connected transactions.

MARKET PRICE OF THE ISSUER SHARES

The table below sets forth for the periods indicated, the high and low closing prices of the Issuer Shares traded on the HKEx.

Period	Issuer Shares	
	High	Low
	HK\$	HK\$
2013		
First Quarter	1.72	1.18
Second Quarter	1.35	1.10
Third Quarter	1.09	0.90
Fourth Quarter	0.97	0.88
2014		
First Quarter	0.92	0.74
Second Quarter	0.86	0.66
Third Quarter	0.76	0.64
Fourth Quarter	0.72	0.63
2015		
First Quarter	1.02	0.73
Second Quarter	1.76	1.02
Third Quarter	1.37	0.90
Fourth Quarter	1.46	1.05
2016		
First Quarter	1.28	0.89
Second Quarter	1.18	0.95
Third Quarter	1.61	1.04
Fourth Quarter	1.69	1.36
2017		
First Quarter	2.52	1.65
Second Quarter	2.98	2.01
Third Quarter	4.51	2.81
Fourth Quarter	4.95	3.54

EXCHANGE RATES

China

Since 1994, the PBOC has set and published a daily base exchange rate with reference primarily to the supply and demand of Renminbi in the market during the previous day. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PBOC has authorized the China Foreign Exchange Trading Centre to announce the Renminbi's closing price each day, and that rate serves as the midpoint of the next day's trading band. In 2007, the PBOC widened the daily trading band of the Renminbi against the U.S. dollar from 0.3% to 0.5%. On June 20, 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on April 16, 2012, the band was expanded to 1.0 per cent. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from July 21, 2005 to December 31, 2013. On March 17, 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. PBOC authorized the China Foreign Exchange Trading Centre, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day. On August 11, 2015, the PBOC announced plans to improve the central parity rate of the Renminbi against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity rate of the Renminbi against the U.S. dollar depreciated by nearly 2.0% as compared to August 10, 2015, and further depreciated by nearly 1.6% on August 12, 2015 as compared to August 11, 2015. The International Monetary Fund announced on September 30, 2016 that the Renminbi joins its Special Drawing Rights currency basket. Since October 2016, the Renminbi against the U.S. dollar continued to depreciate. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board:

Period	Noon Buying Rate			
	End	Average ¹	High	Low
	(RMB per US\$1.00)			
2013	6.0537	6.1412	6.0537	6.2438
2014	6.2046	6.1704	6.0402	6.2591
2015	6.4778	6.2827	6.1870	6.4896
2016	6.9430	6.6388	6.4480	6.9580
2017	6.5063	6.7349	6.9575	6.4773
2018				
January	6.3990	6.4727	6.5055	6.3990

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

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. Under existing Hong Kong law, (i) there are no foreign exchange controls or other laws, decrees or regulations that affect the remittance of dividend payments to nonresidents and (ii) there are no limitations on the rights of non-residents or foreign owners to hold the Issuer Shares offered in the Global Offering. The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China (the “Basic Law”), which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.80 to US\$1.00 or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Noon Buying Rate			
	End	Average ²	High	Low
	(HK\$ per US\$1.00)			
2013	7.7539	7.7564	7.7654	7.7503
2014	7.7531	7.7553	7.7669	7.7495
2015	7.7507	7.7519	7.7686	7.7495
2016	7.7534	7.7617	7.827	7.7505
2017	7.8128	7.7949	7.8267	7.754
2018				
January	7.821	7.819	7.823	7.8161

² Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

TAXATION RELATING TO THE BONDS AND THE CONVERSION SHARES

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

Neither these statements nor any other statements in this Introductory Document are intended or are to be regarded as advice on the tax position of any holder of the Bonds or of the Conversion Shares acquired in exchange for or upon redemption of the Bonds pursuant to the terms of the issue of the Bonds or of any person acquiring, selling, exchanging or otherwise dealing with the Bonds or the Conversion Shares or on any tax implications arising from the acquisition, sale, exchange or other dealings in respect of the Bonds or the Issuer Shares.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Bonds. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest and principal on the Bonds will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or premium to any holder of the Bonds, as the case may be, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties that are applicable to any payments made by or to the Issuer.

No stamp duty is payable in respect of the issue of the Bonds. An instrument of transfer in respect of a Bond is stampable if executed in or brought into the Cayman Islands.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (2011 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (2011 Revision), the Governor in Cabinet undertakes with Future Land Development Holdings Limited:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations.
- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Issuer, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).
- These concessions shall be for a period of 20 years from November 6, 2012.

Hong Kong Taxation

The following discussion regarding Hong Kong taxation does not address the tax treatment of investors subject to special rules, such as banks, securities dealers, insurance companies and tax-exempt entities.

Withholding Tax. No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Bonds) or interest in respect of the Bonds.

Profits Tax. Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), or the Inland Revenue Ordinance, as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Bonds where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest payments on the Bonds will be subject to Hong Kong profits tax where such payments have a Hong Kong source, and are received by or accrue to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Bonds where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty. No Hong Kong stamp duty will be chargeable upon the issue, transfer (if the register of holders of the Bonds is maintained outside Hong Kong) or conversion of a Bond.

No Hong Kong stamp duty will be chargeable upon the issue of the Conversion Shares. Hong Kong stamp duty is payable, however, on any purchase and sale of Issuer Shares for as long as the transfer thereof is required to be registered in Hong Kong. The duty is charged on each of the purchaser and the seller at the ad valorem rate of 0.1 per cent. of the consideration for, or (if greater) the value of, the Issuer Shares bought and sold. In other words, a total of 0.2 per cent. is currently payable on a typical sale and purchase transaction of Issuer Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of Issuer Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

PRC Taxation

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

Taxation on Interest. The PRC EIT Law and its implementation regulations, effective January 1, 2008, impose a tax at the rate of 10 per cent. on interests paid to holders of the Bonds that are “non-resident enterprises” so long as such “non-resident enterprise” holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interests are sourced within China. Pursuant to these provisions of the PRC tax law, despite many uncertainties with respect to their application, if the Issuer is considered a PRC resident enterprise, the interest payable to the non-resident enterprise holders on the Bonds may be treated as income derived from sources within China 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 will apply to qualified investors in the Bonds.

Taxation on Capital Gains. The PRC EIT Law and its implementation regulations impose a tax at the rate of 10 per cent. on capital gains realized by holders of the Bonds that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of the PRC EIT law, despite many uncertainties with respect to their application, if the Issuer is considered a PRC resident enterprise, the capital gains realized by holders of the Bonds may be treated as income derived from sources within China and be subject to the PRC 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 will apply to qualified investors in the Bonds.

The EIT Law provides that dividend income between two “qualified resident enterprises” is exempted income. In addition, dividends the Issuer pays on the Issuer Shares to non-PRC shareholders, and capital gains realized by such shareholders on the sale of the Issuer Shares, may be treated as PRC-source income. Accordingly, the Issuer may be required to withhold PRC income tax from dividends paid to non-PRC resident shareholders, and transfer of Issuer Shares by such shareholders may be subject to PRC income tax. Such tax would be imposed on the income of non-resident enterprise shareholders at a rate of 10 per cent. (and may be imposed on the income of individual Shareholders at a rate of 20 per cent.), or reduced subject to the provisions of any applicable tax treaty.

Stamp Duty. No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Bonds is maintained outside Mainland China) of a Bond.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Bonds.

The Bonds, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds have been sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

By its purchase of the Bonds, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), each purchaser will be deemed to have:

- (1) represented that it is purchasing the Bonds, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), 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 purchaser that is outside the United States;
- (2) acknowledged that the Bonds, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in accordance with any applicable laws of any state or territory of the United States and any foreign jurisdiction;
- (3) agreed that it will inform each person to whom it transfers the Bonds of any restrictions on transfer of such Bonds;
- (4) understood and agreed that the Bonds will be represented by the Global Certificate and that transfers thereto are restricted as described under “Summary of Provisions Relating to the Bonds in Global Form”;
- (5) understood and agreed that if in the future it decides to resell, pledge or otherwise transfer any Bonds represented by the Global Bonds or any beneficial interest in any Bonds represented by the Global Bonds, such Bonds may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph 6 below;
- (6) understood that the Bonds represented by the Global Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer and the holder thereof:

THIS SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED IN THE UNITED STATES UNLESS SUCH SECURITIES AND GUARANTEES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE; and

- (7) acknowledged that the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Transfer Agent, the Managers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; and agreed that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Bonds is no longer accurate, it shall promptly notify the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Transfer Agent, the Trustee and the Managers; and represented that if it is acquiring any Bonds as a fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

SELLING RESTRICTIONS

No action is being taken or is contemplated by the Issuer or the Managers that would permit a public offering of the Bonds or the Subsidiary Guarantees or possession or distribution of this Introductory Document or any amendment thereof, any supplement thereto or any other offering material relating to the Bonds or the Subsidiary Guarantees in any jurisdiction where, or in any other circumstance in which, action for those purposes is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Introductory Document nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United Kingdom

This Introductory Document is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Introductory Document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Introductory Document relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the Managers has represented, warranted and agreed that:

- (1) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Subsidiary Guarantors; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

EEA

This Introductory Document has been prepared on the basis that any offer of Bonds in any Member State of the European Economic Area (“EEA”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Bonds. Accordingly, any person making or intending to make an offer in that Member State of Bonds which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Managers have authorized, nor do they authorize, the making of any offer of Bonds in circumstances in which an obligation arises for the Issuer or the Managers to publish a prospectus for such offer. Neither the Issuer nor the Managers have

authorized, nor do they authorize, the making of any offer of Bonds through any financial intermediary, other than offers made by the Managers, which constitute the final placement of the Bonds contemplated in this Introductory Document. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

Each of the Managers have represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision: (a) the expression “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”); and (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Hong Kong

The Bonds may not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the SFO (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Bonds may be issued or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

Japan

The Bonds and any Conversion Shares to be delivered upon exercise of the Conversion Right referred to in this Introductory Document have not been and will not be registered under the Financial Instruments and Exchange Act of Japan. The Bonds may not and will not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act of Japan and other relevant laws and regulations of Japan.

PRC

This Introductory Document does not constitute a public offer of the Bonds, whether by way of sale or subscription, in the PRC. Other than to qualified domestic institutional investors in the PRC, the Bonds are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements of the PRC, with the exception of qualified domestic institutional investors in the PRC, the Bonds may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

Singapore

This Introductory Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Introductory Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds and/or Conversion Shares may not be circulated or distributed, nor may the Bonds and/or Conversion Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

United States

The Bonds, the Subsidiary Guarantees and the JV Subsidiary Guarantees have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities law. Accordingly, the Bonds are being offered and sold by the Managers only outside the United States in compliance with Regulation S. Each purchaser of the Bonds will be deemed to have made acknowledgements, representations and agreements as described under this section.

British Virgin Islands

No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Bonds but the Bonds may be acquired by British Virgin Islands persons who receive the offer outside of the British Virgin Islands and in a manner which does not contravene the laws of the jurisdictions in which such offer is received.

Cayman Islands

No Bonds will be offered or sold to the public in the Cayman Islands.

Taiwan

The Bonds and any Conversion Shares to be delivered upon exercise of the Conversion Right have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Bonds in Taiwan.

Italy

The offering of the Bonds and any Conversion Shares to be delivered upon exercise of the Conversion Right has not been registered pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of this Introductory Document or of any other document relating to the Bonds be distributed in Italy, except:

- (1) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “Financial Services Act”) and as defined in Article 34-ter, first paragraph, letter b) of Commissione Nazionale per le Società e la Borsa (“CONSOB”) Regulation No. 11971 of May 14, 1999, as amended from time to time (“Regulation No. 11971”); or
- (2) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Bonds or distribution of copies of this Introductory Document or any other document relating to the Bonds in the Italy under (i) or (ii) above must be:

- (1) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 385 (the “Banking Act”), the Financial Services Act of September 1, 1933, as amended, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and any other applicable law and regulations; and
- (2) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
- (3) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.