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*This announcement is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities in Hong Kong, the PRC or the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This announcement is not for distribution, directly or indirectly, in or into the United States. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer, management, as well as financial statements. The Company does not intend to make any public offering of securities in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended from time to time (the “**Securities Act**”). No money, securities or other consideration is being solicited by this announcement or the information contained herein and, if sent in response to this announcement or the information contained herein, will not be accepted.*



銀城國際控股有限公司

YINCHENG INTERNATIONAL HOLDING CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1902)

ISSUANCE OF US\$115,255,386 12.5% SENIOR NOTES DUE 2023

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Please refer to the attached information memorandum (the “**Information Memorandum**”) in relation to the issuance of US\$115,255,386 12.5% senior notes due 2023 by Yincheng International Holding Co., Ltd. (the “**Company**”), which is available on the website of the Singapore Exchange Securities Trading Limited.

The posting of the Information Memorandum on the website of the Stock Exchange is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.10B of the Listing Rules, and not for any other purposes.

The Information Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities.

The Information Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be based on the information contained in the Information Memorandum.

By order of the Board
Yincheng International Holding Co., Ltd.
HUANG Qingping
Chairman

Hong Kong, September 16, 2022

As at the date of this announcement, the executive directors of the Company are Mr. Ma Baohua, Mr. Zhu Li, Mr. Wang Zheng and Ms. Shao Lei; the non-executive directors of the Company are Mr. Huang Qingping and Mr. Xie Chenguang; and the independent non-executive directors of the Company are Dr. Chen Shimin, Mr. Chan Peng Kuan and Mr. Yim Hong Cheuk Foster.

IMPORTANT NOTICE

STRICTLY CONFIDENTIAL—DO NOT FORWARD—NOT FOR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (THE “UNITED STATES”)

THIS EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND ARE OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the information memorandum attached to this e-mail. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. Capitalized terms used but not defined have the meanings given to them in the attached information memorandum.

Confirmation of Your Representation: You have accessed the attached information memorandum on the basis that you have confirmed your representation to Guotai Junan Securities (Hong Kong) Limited (the “**Dealer Manager**”), D.F. King Ltd (the “**Information and Exchange Agent**”) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Existing Notes Trustee**”) that (1) you are a holder or a beneficial owner of 12.5% senior notes due 2022 issued by Yincheng International Holding Co., Ltd. (the “**Company**”) on September 21, 2021 (the “**Existing Notes**”); (2) you are otherwise a person to whom it is lawful to send the attached information memorandum and to make an invitation pursuant to the exchange offer in accordance with applicable laws; (3) you and any person you represent or are acting for the account or benefit of are non-U.S. persons outside the United States and to the extent you acquire the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”); (4) you are not a target of any financial or economic sanctions or trade embargoes administered or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury, the U.S. Department of State or Commerce or any other United States, European Union, United Nations or United Kingdom economic sanctions and (5) you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission.

The attached document is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”) or the EU Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”). The attached document has been prepared on the basis that all offers of the securities made to persons in the European Economic Area or the UK will be made pursuant to an exemption under the EU Prospectus Regulation or the UK Prospectus Regulation (as the case may be) from the requirement to produce a prospectus in connection with offers of the securities.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The securities referred to in the attached information memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (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 (EU) 2016/97 (the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the securities or otherwise making them available to

retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION - PROHIBITION OF SALES TO UK RETAIL INVESTORS – The securities referred to in the attached information memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification—In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (“SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA) that the New Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The communication of the attached document and any other document or materials relating to the issue of the securities offered thereby is not being made, and such documents and /or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “FSMA”). Accordingly, such documents and /or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”), (2) persons who fall within Article 49 of the FPO (“**high net worth companies, unincorporated associations etc.**”), or (3) any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, the securities offered thereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently the Dealer Manager, the Information and Exchange Agent or any person who controls it or any of its directors, employees, representatives or affiliates accepts no liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format.

Restriction: The attached information memorandum is being furnished in connection with an information exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the exchange of the securities described herein.

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

JURISDICTION, 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 ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such exchange offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Company, the Dealer Manager or the Information and Exchange Agent to subscribe for or purchase any of the securities described herein. In addition, access to this electronic transmission has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the exchange offer be made by a licensed broker or dealer and the Dealer Manager or any affiliate of the Dealer Manager is a licensed broker or dealer in that jurisdiction, the offering shall be described as being made by such Dealer Manager or its respective affiliates on behalf of the Company in such jurisdiction.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this information memorandum, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you should not, and will be unable to, exchange any of the securities described therein.

Actions That You May Not Take: You should not reply by e-mail to this electronic transmission, and you may not exchange any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORIZED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING DISTRIBUTION OR REPRODUCTION OF THE ATTACHED INFORMATION MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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



US\$115,255,386 12.5% Senior Notes due 2023

The 12.5% Senior Notes due 2023 (the “Notes”) will bear interest from September 13, 2022 at 12.5% per annum payable in arrear on September 12, 2023 (the “Maturity Date”). The tenor of the Notes is 364 days. If the deadline of the exchange offer (the “Exchange Expiration Deadline”) is extended, the Original Issue Date and Maturity Date, shall be adjusted accordingly.

The Notes will be the unsubordinated senior obligations of Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) (the “Company”) and will be guaranteed by certain of its existing subsidiaries (the “Subsidiary Guarantors”), other than (1) those organized under the laws of the PRC and (2) certain other subsidiaries specified in the section entitled “Description of the Notes.” We refer to the guarantees by the Subsidiary Guarantors as Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (the “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

At any time and from time to time prior to the Maturity Date, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes, at a redemption price of 112.5% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, the Company may redeem the Notes, in whole but not in part, at any time prior to the Maturity Date at a price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control (as defined in the indenture governing the Notes (the “Indenture”)), the Company must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

The Notes will be (1) at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness (as defined in the Indenture) of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined in “Description of the Notes”). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this Information Memorandum.

Investing in the Notes involves risks. See “Investor Representations” beginning on page vii and “Risk Factors” beginning on page 9.

Investing in the Notes involves risks. Furthermore, investors should be aware that the Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See the sections entitled “Investor Representations” and “Risk Factors” beginning on page vii and 9 of the information memorandum for investor representations and risks relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended (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. The Notes are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act.

The Notes will be evidenced by a global note (the “Global Note”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”).

Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Group or any of their respective subsidiaries and associated companies or the Notes.

The date of the information memorandum is September 9, 2022

This Information Memorandum includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and the Notes. This Information Memorandum should also be read and construed in conjunction with our audited consolidated financial statements as of and for the year ended 31 December 2021 (the “**Latest Audited Annual Financial Statements**”) which are deemed to be incorporated by reference into this Information Memorandum. Our Latest Audited Annual Financial Statements may be obtained without charge on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>). While the Company has taken reasonable care to ensure that its publications on HKEXnews are accurately incorporated by reference from such sources, the content thereof has not been independently verified by the Company’s advisors. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) accepts full responsibility for the accuracy of the information contained and incorporated by reference in this Information Memorandum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Information Memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this Information Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Information Memorandum or that the information contained in this Information Memorandum is correct as of any time after that date.

This Information Memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as implemented in member states of the European Economic Area or of the United Kingdom's Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. This Information Memorandum has been prepared on the basis that all offers of the Notes made to persons in the European Economic Area and the United Kingdom will be made pursuant to an exemption under the relevant regulations from the requirement to produce a prospectus in connection with offers of the Notes.

We, having made all reasonable enquiries, confirm that: (i) this Information Memorandum contains all information with respect to us and our subsidiaries referred to in this Information Memorandum and the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this Information Memorandum relating to us and our subsidiaries are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Information Memorandum with regard to us and our subsidiaries are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us and our subsidiaries, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), the omission of which would, in the context of the issue and offering of the Notes, make this Information Memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This Information Memorandum is strictly confidential. We are providing it solely for the purpose of enabling you to consider an exchange for the Notes. You should read this Information Memorandum before making a decision whether to exchange for the Notes. You must not use this Information Memorandum for any other purpose, or disclose any information in this Information Memorandum to any other person.

We have prepared this Information Memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By exchanging for the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed "Investor Representations."

No representation or warranty, express or implied, is made by Guotai Junan Securities (Hong Kong) Limited as the dealer manager (the "**Dealer Manager**") or China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "Trustee") or the Registrar, the Paying Agent and the Transfer Agent (each as defined in "Description of the Notes") or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this Information Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The Dealer Manager, the Trustee, the Registrar, the Paying Agent and the Transfer Agent have not independently verified any of such information and assume no responsibility for its accuracy or completeness.

Each person receiving this Information Memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Dealer Manager, the Trustee, the Agents or any person affiliated with the Dealer Manager, the Trustee, the Agents or their respective advisors in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us and our subsidiaries, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) other than as contained herein, and if given or made, any such other information or representation should not be relied upon as having been authorised by us, the Dealer Manager, the Trustee, the Registrar, the Paying Agent or the Transfer Agent.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States

or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Information Memorandum. Any representation to the contrary is a criminal offense in the United States.

We are not, and the Dealer Manager is not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this Information Memorandum and the offering of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this Information Memorandum comes are required by us and the Dealer Manager to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Information Memorandum in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto in certain jurisdictions, including the United States, Australia, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, PRC, Cayman Islands and British Virgin Islands and to persons connected therewith. For a description of the restrictions on offers, sales and resales of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this Information Memorandum, see the sections headed “Distribution Restrictions.”

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification—In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Information Memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this Information Memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes

by you under any legal, investment or similar laws or regulations. You should not consider any information in this Information Memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of the Notes at any time, and the Dealer Manager reserve the right to reject any commitment to exchange for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Dealer Manager and certain related entities may acquire for their own account a portion of the Notes.

INVESTOR REPRESENTATIONS

By accessing the Information Memorandum, you are further deemed to have made the following representations, warranties, agreements undertakings, confirmations and acknowledgements to the Company and the Dealer Manager. For the purposes of the below, “you” means the Company and/or the Dealer Manager as the context may indicate, and “we” means such holder participating the exchange offer by submitting instructions and tendering the US\$110,000,000 12.5% senior notes due 2022 (the “**12.5% Notes**”) for exchange pursuant to the exchange offer.

1. We base our investment decision solely on the information published on or prior to the date of this Information Memorandum by the Company on the HKEXnews website of The Stock Exchange of Hong Kong Limited (the “**HKEXnews website**”), including but not limited to the interim results announcement of the Group for the six months ended 30 June 2022 (the “**Public Disclosure**”) and not on any other information or representation concerning the Company which we may have received from the Company, the Dealer Manager or their representatives. We acknowledge that none of the Company, any of its affiliates or any other person has made any representations, express or implied, to us with respect to the Company, the exchange offer, the Notes or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the exchange offer or the Notes. We agree that we will not distribute, forward, transfer or otherwise transmit any presentational or other materials concerning the exchange offer (including electronic copies thereof) to any person (other than any Eligible Holder on behalf of which we act), and we have not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than any Eligible Holder on behalf of which we act).
2. We understand that the exchange offer involves a high degree of risk and that the Notes are complex products.
3. We (a) have consulted with our own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent we have deemed necessary, (b) have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company and the Subsidiary Guarantors concerning their respective financial condition and results of operations and the exchange offer, and any such questions have been answered to our satisfaction, (c) have requested from the Company and the Subsidiary Guarantors and reviewed all information that we believe is necessary or appropriate in connection with the exchange offer, (d) have made our own investment decisions based upon our own judgment, due diligence and advice from such advisers as we have deemed necessary and not upon any view expressed by or on behalf of you, and (e) have been and will continue to be solely responsible for making our own independent analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of the Company and any of the subsidiaries of the Company (collectively, the “**Group**”), the Subsidiary Guarantors and any other person referred to herein and for making its own decisions as to the purchase of, or the taking or not taking of any action in connection with, the exchange offer and the Notes.
4. We understand and agree that we may not rely on any investigation that any person acting on your behalf has conducted with respect to the exchange offer, the Notes, the Company and the Subsidiary Guarantors or any of their respective affiliates, and no other party has made any representation to us, express or implied, with respect to the exchange offer, the Notes, the Company or the Subsidiary Guarantors. Neither the Dealer Manager nor any of its respective associates or affiliates have made, and we have not relied upon, any written or oral communication, representation, warranty or condition (express or implied) about, and the Dealer Manager shall have no liability or responsibility for (a) the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to us in

connection with the exchange offer; (b) any non-performance by any party to any such documents; (c) the exchange offer or the Notes; or (d) the business, properties, prospects, condition (financial or otherwise) or results of operations of the Group, and the Dealer Manager does not owe and shall not owe any duty whatsoever in connection with any of the foregoing. Any information or explanations related to the terms and conditions of the exchange offer, the Notes and any Public Disclosure does not constitute investment advice or a recommendation in respect of the exchange offer and is not considered or deemed to be an assurance or guarantee as to the expected performance of the Notes, the Company, and each other member of the Group.

5. We acknowledge that the information provided to us with regard to the Company or the Subsidiary Guarantors and the Notes has been prepared and supplied by the Company and the Subsidiary Guarantors (whether or not it was conveyed by you to us on the Company's behalf), and that no other party has verified such information or makes any representation or warranty as to its accuracy or completeness.
6. We are a sophisticated institutional investor and have such knowledge and experience in financial, business and international investment matters, and in particular in purchasing debt securities issued by PRC property companies, that, and we are capable of evaluating the merits and risks of the exchange offer, have had the opportunity to ask questions of, and receive answers and request additional information from, the Company and the Subsidiary Guarantors and we are aware that we may be required to bear, and are able to bear, the economic risk of an investment in the Notes, including the possibility that it may lose all or a substantial portion of its investment.
7. We represent and acknowledge that (a) neither the Dealer Manager nor any of its affiliates have been requested to or has provided us with any information or advice with respect to the exchange offer or the Notes nor is such information or advice necessary or desired; (b) neither the Dealer Manager nor any of its affiliates has made or makes any representation as to the Company, the exchange offer or the credit quality of the Notes; (c) the Dealer Manager and its affiliates may have acquired, or during the term of the exchange offer and/or the Notes may acquire, non-public information with respect to the Company, which we agree need not be provided to us; and (d) in connection with the exchange offer and the issuance of the Notes, neither the Dealer Manager nor any of its affiliates have acted as our financial advisor or fiduciary.
8. We are acquiring the Notes for our own account (or for the account of a person that is not a U.S. person as defined in Regulation S under the Securities Act) as to which we exercise sole investment discretion and have authority to make these statements) for investment purposes, and not with a view to any resale or distribution thereof within the meaning of the U.S. securities laws.
9. We understand that the Notes and the guarantees to be provided by the Subsidiary Guarantors have not been, and will not be, registered under the Securities Act or with any state or other jurisdiction of the United States.
10. If we are acting as a fiduciary or agent for one or more investor accounts, (a) we have investment discretion with respect to each such account and (b) we have full power and authority to make the representations, warranties, agreements and acknowledgements in this letter on behalf of each such account.
11. We acknowledge and agree that we did not become aware of the exchange offer through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a "public offering" under Section 4(a)(2) of the Securities Act or as a result of any directed selling efforts (as that term is defined in Regulation S under the Securities Act) and we did not become aware of the exchange offer and was not otherwise solicited to enter into the exchange offer through solicitation of any party other than the Company and its respective affiliates.

12. The exchange offer is lawful under the securities laws of the jurisdiction in which we accept the exchange for the Notes.
13. We are not a nominee company (unless the name of the ultimate beneficiary has been disclosed).
14. The terms and provisions of this letter shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees. We confirm that, to the extent we are acting for the account of one or more persons, (i) we have been duly authorized to make on their behalf the confirmations, acknowledgements and agreements set forth herein and (ii) these provisions constitute legal, valid and binding obligations of us and any other persons for whose account we are acting.
15. We understand that the foregoing representations, warranties, agreements undertakings, confirmations and acknowledgements are required in connection with United States and other securities laws and that you and your affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this Information Memorandum using a number of conventions, which you should consider when reading the information contained herein.

In this Information Memorandum, the term “we,” “our,” “us,” and “the Group” refers to Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) itself, or Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) and its consolidated subsidiaries, as the context requires. The terms “Dealer Manager” refer to Guotai Junan Securities (Hong Kong) Limited.

References to “U.S. dollars” and “US\$” are to United States dollars, the official currency of the United States of America (the “United States” or “U.S.”). References to “Renminbi” or “RMB” are to Renminbi, the official currency of the People’s Republic of China.

References to “CBRC” are to China Banking Regulatory Commission (中國銀行業監督管理), which merged with China Insurance Regulatory Commission and formed the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) pursuant to the Circular of the State Council on Establishment of Institutions (國務院關於機構設置的通知) (Guo Fa 2018 No.6) issued by the state Council on March 22, 2018, and, if the context requires, includes its successor, the China Banking and Insurance Regulatory Commission.

References to “EIT” are to the PRC Enterprise Income Tax.

References to “MOF” are to the Ministry of Finance of the PRC and its local counterparts.

References to “NDRC” are to the National Development and Reform Commission of the PRC.

References to “PBOC” are to the People’s Bank of China.

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

References to “SAT” are to the State Administration of Taxation.

References to “SAFE” are to State Administration of Foreign Exchange of the PRC.

References to “SAIC” State Administration for Industry and Commerce of the PRC, which was changed to State Administration for Market Regulation pursuant to the Circular of the State Council on Establishment of Institutions (國務院關於機構設置的通知) (Guo Fa 2018 No.6) issued by the State Council on March 22, 2018, and, if the context requires, includes its successor, State Administration for Industry and Commerce of the PRC.

References to “Yangtze River Delta Megalopolis” the megalopolis that covers 26 PRC cities, for the purpose of this Information Memorandum covering Nanjing, Suzhou, Wuxi, Shanghai, and different tiers of cities in Jiangsu, Anhui and Zhejiang provinces of the PRC.

Unless the context otherwise requires, references to “2019,” “2020” and “2021” in this Information Memorandum are to our financial years ended December 31, 2019, 2020 and 2021, respectively.

Unless the context otherwise requires, all references to “affiliate” are to person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; all references to

“subsidiary” are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended (the “**Listing Rules**”), which includes: (i) a “subsidiary undertaking” as defined in the twenty-third schedule to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Companies Ordinance**”), (ii) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to International Financial Reporting Standards, as applicable, and (iii) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to International Financial Reporting Standards, as applicable; all references to “associate” are used with the meaning ascribed thereto under the Listing Rules, which includes: (i) in relation to an individual, his spouse and children under the age of 18, certain trustees, his or his family holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power, (ii) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power and (iii) in the context of connected transactions, certain connected persons and enlarged family members of a director, chief executive or substantial shareholder of a listed issuer; and all references to “controlling shareholder” are used with the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meetings or are in a position to control the composition of a majority of our board of directors, and “controlling interest” will be construed accordingly.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ENFORCEMENT OF CIVIL LIABILITIES

We are a limited liability company incorporated in the Cayman Islands and each Subsidiary Guarantor and JV Subsidiary Guarantor (if any) is also incorporated or may be incorporated, as the case may be, outside the United States, such as in the British Virgin Islands or in Hong Kong and any other jurisdictions having different bodies of securities laws from that of the United States and protections for investors may differ.

Substantially all of our businesses, assets and operations and the businesses, assets and operations of the Subsidiary Guarantors are, and all or most of the assets of the JV Subsidiary Guarantors (if any) may be, located outside the United States. In addition, all of our directors, supervisors and executive officers are, and officers and the directors and officers of the Subsidiary Guarantors are, and all or most of the directors and officers of the JV Subsidiary Guarantors (if any) may be, nationals or residents of countries other than the United States and substantially all or a substantial portion of the assets of such persons are located or may be located, as the case may be, outside the United States. Therefore, it may be difficult for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) or such persons, or to enforce against us, any of the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), our directors, supervisors, officers, or such person judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

We and each of the Subsidiary Guarantors expect to appoint Cogency Global Inc. as an agent to receive service of process with respect to any action brought against us or any of the Subsidiary Guarantors in the United States federal courts located in the Borough of Manhattan, the City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us or any of the Subsidiary Guarantors in the courts of the State of New York in the Borough of Manhattan, the City of New York under the securities laws of the State of New York.

We have been advised by our Cayman Islands legal counsel, Ogier, that although there is no statutory enforcement in the Cayman Islands of a judgment or order obtained in any U.S. federal or New York state court located in the borough of Manhattan, City of New York, the courts of the Cayman Islands will recognise and enforce such foreign judgment or order, without re-examination or re-litigation of the matters adjudicated upon, if the judgment or order: (i) is given by a foreign court of competent jurisdiction; (ii) is final and conclusive; (iii) is not in respect of a tax, fine or other penalty; (iv) was not obtained by fraud; and (v) is not of a kind, the enforcement of which is contrary to public policy in the Cayman Islands. The courts of the Cayman Islands will apply the rules of Cayman Islands private international law to determine whether the foreign court is a court of competent jurisdiction. Subject to these limitations, the courts of the Cayman Islands will recognise and enforce a foreign judgment for a liquidated sum and may also give effect in the Cayman Islands to other kinds of foreign judgments, such as declaratory orders, orders for performance of contracts and injunctions.

We have been advised by our Hong Kong legal advisors, Linklaters, that Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon United States federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment based on the strength of the foreign judgment, *provided* that the foreign judgment is for a debt or definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment: (a) was obtained by fraud; (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules); (c) was not affected by an order for stay of enforcement; (d) is sought to be enforced by or between different parties to the foreign judgment; (e) concerns title to immovable property or intellectual property; (f) is against a person who is entitled to claim immunity from suit and/or execution under the laws of

Hong Kong and who has not waived such immunity before the Hong Kong courts; (g) is contrary to public policy or natural justice; (h) is for a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or is penal in nature; (i) is inconsistent with a prior Hong Kong judgment or foreign judgment which is entitled to recognition in Hong Kong; (j) is not barred from enforcement by or in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong); or (k) was a judgment for multiple damages or a judgment for multiple damages or a judgment based on a provision or rule of law specified by the Chief Executive of Hong Kong as concerned with the prohibition of restrictive trade practices pursuant to the Protection of Trading Interests Ordinance (Chapter 471 of the Laws of Hong Kong).

We have been advised by our British Virgin Islands legal counsel, Ogier, that although there is no statutory enforcement in the British Virgin Islands of judgments obtained in any U.S. federal or New York state court located in the borough of Manhattan, City of New York, the courts of the British Virgin Islands will recognise such a foreign judgment and treat it as a cause of action in itself which may be sued upon as a debt at common law so that no retrial of the issues would be necessary if fresh proceedings are brought in the British Virgin Islands to enforce that judgment, provided however that such judgment: (i) is not in respect of penalties, fines, taxes or similar fiscal or revenue obligations of the Company; (ii) is final and for a liquidated sum; (iii) was not obtained in a fraudulent manner; (iv) is not of a kind the enforcement of which is contrary to the public policy in the British Virgin Islands; (v) is not contrary to the principles of natural justice; and (vi) provided that the U.S. federal or New York state court located in the borough of Manhattan, City of New York had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process. Non-money judgments from a foreign court are not directly enforceable in the British Virgin Islands. However, it is possible for a non-money judgment from a foreign court to be indirectly enforced by means of a claimant bringing an identical action in the courts of the British Virgin Islands in respect of which a non-money judgment has been made by a foreign court. In appropriate circumstances, the courts of the British Virgin Islands may give effect to issues and causes of action determined by the foreign court, such that those matters need not be retried.

We have also been advised by Jingtian & Gongcheng, our PRC legal adviser, that there is uncertainty as to whether the courts of China would (i) enforce judgments of U.S. courts obtained against us, our directors or officers, any Subsidiary Guarantor, any JV Subsidiary Guarantor or their respective directors or officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in China against us, our directors or officers, any Subsidiary Guarantor, any JV Subsidiary Guarantor or their respective directors or officers predicated upon the U.S. federal or state securities laws. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including the United States. Therefore, it may be difficult for investors to enforce any judgments obtained from U.S. courts.

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GLOSSARY OF TECHNICAL TERMS

The following are definitions of certain terms in this Information Memorandum that are commonly used in connection with our business. The terms and their meanings may not correspond to standard industry meanings or usages of those terms.

“building ownership certificate”.....	building ownership certificate (房屋所有權證), a certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings. In certain cities such as Nanjing, Wuxi, Suzhou, Zhenjiang, Hangzhou and Ma’anshan, it is combined with the land use rights certificate into a single certificate, namely the real estate certificate
“completion certificate”.....	construction work completion and inspection certificate/table/report (房屋建築工程竣工驗收備案證/表/報告) issued by local urban construction bureau or competent authorities in the PRC with respect to the completion of property projects
“construction land planning permit”.....	construction land planning permit (建設用地規劃許可證), a permit issued by local planning bureaux or equivalent authorities in China with respect to planning of construction land
“construction work commencement permit”.....	construction work commencement permit (建築工程施工許可證) issued by local construction bureaux or competent authorities in the PRC with respect to commencement of construction work
“construction work planning permit”	construction work planning permit (建設工程規劃許可證) issued by local planning bureaux or competent authorities in the PRC with respect to planning of construction work
“Existing Notes”.....	(i) the US\$110,000,000 12.5% senior notes due 2022 issued by the Company pursuant to an indenture dated September 21, 2021; and (ii) the US\$95,965,000 13.0% senior notes due 2023 issued by the Company pursuant to an indenture dated March 8, 2022
“GFA”	gross floor area
“land grant contract”	state-owned land use rights grant contract (國有土地使用權出讓合同), an agreement between a land user and the relevant PRC governmental land administrative authorities
“land use rights certificate”	state-owned land use rights certificate (國有土地使用證), a certificate (or certificates, as the case may be) of the right of a party to use a parcel of land. In certain cities such as Nanjing, Wuxi, Suzhou, Zhenjiang, Hangzhou and Ma’anshan of the PRC, it is combined with the building ownership certificate into a single certificate, namely the real estate certificate
“LAT”	Land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條

例) and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)

“pre-sale permit” commodity property pre-sale permit (商品房預售許可證) issued by a local housing and building administrative bureau or an competent authority in the PRC with respect to the pre-sales of the properties under construction

“real estate certificate” real estate title certificate (不動產權證書), the certificate issued by relevant PRC government authorities combining the building ownership certificate and/or land use rights certificate

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this Information Memorandum. For a more detailed description of the Notes, see “Description of the Notes.” Terms used in this summary and not defined herein shall have the same meanings given to them in “Description of the Notes.”

Issuer	Yincheng International Holding Co., Ltd.
Issuer’s Legal Entity Identifier	300300J0M2CT3JT54R34
Notes Issued	US\$115,255,386 aggregate principal amount of 12.5% Senior Notes due 2023 (the “Notes”)
Original Issue Date	September 13, 2022, subject to adjustment if the Exchange Expiration Deadline is extended.
Maturity Date	September 12, 2023, subject to adjustment if the Exchange Expiration Deadline is extended.
Interest	The Notes will bear interest from and including the Original Issue Date at the rate of 12.5% per annum.
Interest Payment Date	Maturity Date
Ranking of the Notes	The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under “*Description of the Notes—The Subsidiary Guarantees and JV Subsidiary Guarantees*” and in “*Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees*;”
- effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

A Subsidiary Guarantee may be released in certain circumstances. See “*Description of the Notes — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees*.”

The initial Subsidiary Guarantors will consist of all of the Company's Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC and Grateful Bay Limited.

All of the initial Subsidiary Guarantors are holding companies that do not have significant operations. See "*Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.*"

Any future Restricted Subsidiary, other than PRC Restricted Subsidiaries, Exempted Subsidiaries and Listed Subsidiaries, will provide a guarantee of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor as soon as practicable after it becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary.

Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or JV Subsidiary Guarantee at the time such Person becomes a Restricted Subsidiary (each such Person and Grateful Bay Limited, an "**Offshore Non-Guarantor Subsidiary**," and, together with the PRC Non-Guarantor Subsidiaries, the "**Non-Guarantor Subsidiaries**"), provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for 15% of the Total Assets of the Company.

Ranking of Subsidiary Guarantees The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and
- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

See “*Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees.*”

JV Subsidiary Guarantees..... A JV Subsidiary Guarantee instead of a Subsidiary Guarantee may be provided by a Subsidiary Guarantor following (i) a sale by the Company or any of its Restricted Subsidiaries of Capital Stock in such Subsidiary Guarantor, where such sale is for no less than 20% of the issued Capital Stock of such Subsidiary Guarantor or (ii) a purchase by the Company or any of its Restricted Subsidiaries of the Capital Stock in an Independent Third Party, such that such Independent Third Party will become a Restricted Subsidiary following such purchase. No JV Subsidiary Guarantee exists as of the Original Issue Date.

The JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations (if any) of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with the Existing Notes and all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law).

The Company may also deliver a JV Subsidiary Guarantee instead of a Subsidiary Guarantee on substantially similar conditions for certain Restricted Subsidiaries that are established after the Original Issue Date.

Use of Proceeds..... We will not receive any cash proceeds from the exchange offer.

Optional Redemption At any time prior to the Maturity Date, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in “*Description of the Notes—Optional Redemption.*”

At any time and from time to time prior to the Maturity Date, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock (as defined in the “Description of the

	Notes”) of the Company in an equity offering at a redemption price of 112.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.
Repurchase of Notes Upon a Change of Control.....	Upon the occurrence of a Change of Control, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.
Redemption for Taxation Reasons.....	Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company for redemption, if the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See “ <i>Description of the Notes—Redemption for Taxation Reasons.</i> ”
Covenants	<p>The Notes, the Indenture governing the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> • incur or guarantee additional indebtedness and issue disqualified or preferred 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; • 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. <p>These covenants are subject to a number of important qualifications and exceptions described in “<i>Description of the Notes — Certain Covenants.</i>”</p>
Carve-out to Events of Default	The events of default provision under the Notes will carve out the default of the 12.5% Notes and other defaults and final judgments and orders whose occurrence is as a result of any default or event of default under the 12.5% Notes. See “ <i>Description of the Notes — Events of Default</i> ”, and “ <i>Risk</i>

Amendments and Waivers of the Indenture.	<p>Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — The events of default provision under the Notes will carve out any cross-default events and final judgments and orders arising directly or indirectly from any defaults or events of default under the 12.5% Notes.”</p> <p>Certain major terms of the Indenture may be modified, amended or waived with the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, including waiver of payment defaults, the reduction of the principal amount of, or premium, if any, or interest on, any Note, the release of any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture. See “Description of the Notes — Amendments and Waivers — Amendments With Consent of Holders”, and “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Certain major terms of the Indenture may be modified, amended or waived with the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, which may adversely affect the interest of the holders of the Notes and increase the credit risks of the Notes.”</p>
Distribution Restrictions.....	<p>The Notes will not be registered under the Securities Act or under any state securities laws of the United States, are being offered and sold in offshore transactions in compliance with Regulation S under the Securities Act, and will be subject to customary restrictions on transfer and resale. See “<i>Distribution Restrictions.</i>”</p>
Form, Denomination and Registration	<p>The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1 in excess thereof and will be initially represented by the Global Note deposited with a common depository and registered in the name of the common depository or its nominee. Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream.</p>
Book-Entry Only	<p>The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see “<i>Description of the Notes — Book-Entry; Delivery and Form.</i>”</p>
Delivery of the Notes	<p>The Company expects to make delivery of the Notes on September 13, 2022, which is the Settlement Date as defined in the exchange offer memorandum dated September 1, 2022 issued by the Issuer (the “Exchange Offer Memorandum”).</p>

Trustee.....	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Paying Agent, Transfer Agent and Registrar	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Listing.....	Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Security Codes.....	ISIN: XS252728996 Common Code: 252728996
Governing Law.....	The Notes will be governed by and will be construed in accordance with the laws of the State of New York.
Risk Factors.....	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “ <i>Risk Factors.</i> ”

RISK FACTORS

You should carefully consider the risks and uncertainties described below and other information contained in this Information Memorandum before making an investment decision in relation to the Notes. The risks and uncertainties described below may not be the only ones that exist. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also materially and adversely affect our business, prospects, financial condition and results of operations. If any of the possible events described below occur, our business, prospects, financial condition or results of operations could be materially and adversely affected and the market price of the Notes may decline. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

For risks relating to the exchange offer, see “Risk Factors” in the Exchange Offer Memorandum.

RISKS RELATING TO OUR BUSINESS

We may not have adequate financing to fund our property developments and are exposed to liquidity risks. If we are unable to obtain sufficient funding to repay our debts and/or fund future development costs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Property development is capital-intensive and we expect to continue to incur a relatively high level of capital expenditures for project development in the foreseeable future. Any funding shortage could limit our ability to respond to changing market conditions or to grow our business, make us more vulnerable to adverse economic and industry conditions, and place us at a competitive disadvantage compared to our competitors with less indebtedness. We have, and may from time to time incur, a substantial amount of bank and other borrowings and senior notes. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including, among other things:

- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and financing availability;
- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;
- changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and
- changes in the PRC policies regarding regulation and control of the property market.

We cannot assure you that the PRC government will not introduce measures or initiatives, which limit our access to capital and methods to finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all and if that happens, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital and these strategies may not be instituted on satisfactory terms, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Factors which may adversely affect our liquidity level include unfavourable changes to the macroeconomic environment, natural disasters, epidemics and other acts of God which are beyond our control that may adversely affect the economy, infrastructure and livelihood of the people in China, policies or money markets, our failure to maintain current and future financing arrangements on commercially acceptable terms, decreases

in recovery of cash from disposal of assets due to unfavourable changes in capital markets, failure to realize the value of invested financial assets at a reasonable price, concentrated holding of certain assets or asset categories, mismatch between assets and liabilities maturity, tightened regulatory requirement, other changes in regulations or weakened market and customer sentiments. If we are unable to generate sufficient cash from operating activities to meet our liquidity needs, we would be required to seek external financing. If we decide to raise additional funds through borrowings, our interest and debt repayment obligations will increase and we may be subject to additional covenants, which could restrict our ability to utilize cash flow from operations. Any increases in interest rates on our borrowings may have a material adverse effect on our business, results of operations and financial condition.

We cannot assure you that we are able to obtain sufficient funding. In the event that our Group is in need of cash for various purposes, including repayment of our debts, funding for future development costs, failure to properly and timely manage liquidity risk could have a material and adverse impact on our Group's cash flow, earnings and financial position and may reduce the funds available to us for working capital, capital expenditure, future acquisitions, dividends and other general corporate purposes.

We derive a majority of our revenue and cash flow from sales and pre-sales of properties developed by us, which are used to replenish the initial development costs of our projects such as land price. Sales and pre-sales can be affected by various factors, such as the availability of mortgage loans to the purchasers. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchasers and affordability of residential properties. We cannot assure you that the PRC government and commercial banks will not increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. We cannot assure you that the commercial banks will approve potential property purchasers' applications for mortgage loans in a timely manner, or at all. If mortgage financing becomes more costly or more difficult to obtain, our sales and pre-sales may be materially and adversely affected, which in turn would create pressure on our cash flow position and our ability to meet our working capital requirements.

We may experience periods of net cash outflow from operating activities.

We had net cash outflow from operating activities during certain fiscal years in the past, please refer to our financial information incorporated by reference in this Information Memorandum for further details. We cannot assure you that we will not experience net cash outflow from operating activities in the future. Net cash outflow from operating activities requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we may be forced to delay or abandon our development and expansion plans. As a result, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our business and prospects are dependent on and may be adversely affected by the performance of the PRC property markets, particularly in the various cities we operate and intend to operate.

Our business and prospects depend on the performance of the PRC property market. Since we expect to continue to strengthen our market presence in the Yangtze River Delta Megalopolis, our business continues to be heavily dependent on the performance of the local property markets. These property markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital, many of which are beyond our control. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and results of operations.

There have been increasing concerns over housing affordability, the sustainability of market growth, and that the property market in certain cities in China have been overheating and may become a property “bubble”. Factors such as decrease in available funds and investor confidence may influence demand for the properties we developed. As a result, the property market may experience over-supply of properties and idle housing inventory. Any over-supply of properties or any potential decline in the demand or prices for properties in the cities in which we operate or intend to operate could have a material and adverse impact on our cash flows, financial condition and results of operations.

Furthermore, our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. Please refer to the paragraph headed “—Risks Relating to Our Industry — Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate” in this section below. We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in cities and regions where we have or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector.

The national and regional economies in China and the World and our prospects may be adversely affected by natural disasters, acts of God, military conflicts, and occurrence of epidemics.

Our business is subject to general economic and social conditions in the PRC. Any occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including severe acute respiratory syndrome (SARS), avian influenza, swine flu caused by H1N1 virus or variants thereof and, most recently, COVID-19, may give rise to additional costs to be borne by our Group and materially and adversely affect our business, financial condition and results of operations.

The outbreak of COVID-19 has continuously cast negative effects to the world economy and poses risks to our business operation and financial condition. On March 11, 2020, World Health Organization declared COVID-19 outbreak a pandemic. As of the date of this Information Memorandum, COVID-19 pandemic has spread to over 210 countries and territories globally with death toll and number of infected cases continued to rise. Several cities in China where we operate had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. In response to the COVID-19 pandemic, we implemented a series of precautionary and control measures, including temporary suspension of the construction of our development projects and temporary shutdown of our sales offices in China. The suspension of operation of our projects may in turn result in substantial increase in our costs, late delivery of properties and/or otherwise adversely affect our profitability and cash flows. Further, our customers may face financial difficulties, which may in turn result in a reduction in demand for our properties and service. Customers who have previously entered into contracts with us may also default on their purchase contracts if the economic situation further deteriorates as a result of the epidemic. In addition, the COVID-19 outbreak poses risks to the wellbeing of our employees and the safety of our workplace, which may materially and adversely affect our business operation. Despite the impact that the COVID-19 epidemic would cast on us, we responded proactively by adjusting our project launch schedule in a timely manner and promoting our business through various channels, including the adoption of “cloud property viewing” (“雲看房”), “cloud sales” (“雲銷售”) and “cloud delivery” (“雲交付”) through online live broadcasting and small applications of the new media. However, given the high uncertainties associated with the COVID-19 epidemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may be affected. Should the disruption to our operations continue, it may materially and adversely affect our results of operations and financial condition and may also cause reputation damage. Moreover, global capital markets have experienced and may continue to experience negative investor sentiment, significant volatility and liquidity disruptions. This may adversely affect our ability to access capital markets

for funding, which may in turn have a negative effect on our liquidity. The outbreak of COVID-19 epidemic also caused the delay in resumption of local business in the PRC after the Chinese New Year holiday. In addition, as the outbreak extended, several countries have introduced new restrictions on travel, including restrictions on travel to and from China. The COVID-19 epidemic has created and may further create negative economic impact globally. It increased volatility in the PRC and global market and may continue to cause increasing concerns over the prospects of the PRC property market, which may materially and adversely affect the demand for properties and property prices in China. Since April 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. However, given the uncertainties as to the development of the outbreak at the moment, it is still difficult to predict how long these conditions will persist and to what extent to which we may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected.

Unfavourable financial or economic environments, including the continued global financial uncertainties, have had and may continue to have an adverse impact on investors' confidence, global financial markets and Chinese and global economy. In 2022, the military conflict between Russia and Ukraine is contributing to further increases in the price of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions. The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. The two governments have entered into an initial phase one agreement to resolve the disputes on 15 January 2020 (the "**Phase One Agreement**"). However, there are uncertainties as to when and whether phase two negotiations will begin and whether the two governments will fulfil their respective obligations under the Phase One Agreement. The trade war between the United States and China has resulted in volatility in the financial markets around the world.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. Another public health crisis in China, especially in the cities where we have operations, may result in material disruptions to our property development and sales and the operation of commercial properties. In addition, the outbreak of communicable diseases, such as the COVID-19 outbreak on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect China and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial condition and results of operations.

We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices.

The sustainable growth and success of our business depend significantly on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our projects. We primarily acquire land for our projects through public tenders, auctions and listing-for-sale process organized by the relevant government authorities.

Our ability to acquire land depends on a variety of factors, such as the local overall economic conditions, the availability of land parcels legally provided by the government, our effectiveness in estimating the profits of the acquired land parcels and the competition for such land parcels. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. In certain cities such as Nanjing and Suzhou, the local governments have recently imposed restriction on pre-sale of properties. Such restriction on pre-sale may result in uncertainty in

our property development strategy and the timing of receiving the return of our capital, which may adversely affect our cash flow. Furthermore, the rapid development of the cities in which we operate or we plan to enter may result in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, our cost for acquiring land use rights will rise further in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable returns upon sales to our customers.

We may not be successful in managing our growth and expansion into new cities and regions and new businesses.

In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with the potential for growth and where we have no existing operations. Our historical focus was primarily on the development of resident property projects in Nanjing at our inception and we subsequently started to tap into other cities including Wuxi, Suzhou, Hangzhou, Xuzhou, Huai'an, Zhenjiang, Ma'anshan, Hefei, Taizhou and Wenzhou. We intend to continue to expand our operations into additional major cities in the Yangtze River Delta Megalopolis in the future. In addition, we intend to collaborate with a renowned comprehensive hospital in Jiangsu Province to operate the hospital by contributing the hospital building with the day-to-day operation primarily undertaken by the hospital.

Expansion into new geographical locations and new businesses involves uncertainties and challenges as it takes time and efforts for us to familiarize ourselves with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence or greater access to local labors, expertise and knowledge than we do. Furthermore, the construction, market and tax related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand into or match the behaviors or expectations of the residents in the properties we manage in such cities.

In addition, expanding into new geographic locations and new businesses requires a significant amount of capital and management resources. We may not be able to manage the growth in our workforce to match the expansion of our business, and accordingly, experience issues such as capital constraints, construction delays, and lack of expertise. Any of these factors could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We generate revenue principally from the sale of properties, and our ability to realize benefits from a property development project may fluctuate, as it will depend on our property development project schedule and budget and the timing of sales for such project.

Historically, we have derived our revenue principally from the sale of properties we developed. According to our accounting policies, our recognized revenue depends mainly on the project delivery schedule. Depending on the type of properties and the revenue generated, it typically takes 18 to 24 months from commencement of pre-sale to the delivery of these properties before we recognize revenue from such projects. Therefore, it may fluctuate due to factors such as the schedule of our property development, the market demand for our properties and the timing of property sales. Consequently, our financial results for any given period only reflect decisions

made by our customers some time ago and may not be indicative of our actual operating results during such period.

We have also included information relating to our contracted sales in this Information Memorandum. Such information is unaudited and is prepared based on our preliminary internal information, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by us on an annual or half-yearly basis due to various uncertainties during the process of collating such information. For the avoidance of doubt, such unaudited contracted sales figures include the contracted sales from our joint ventures and the associates.

Our ability to realize the benefits from a property development project also depends on whether we are able to complete our projects according to schedule and budgets. The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include but not limited to:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;
- delay in obtaining the requisite governmental approvals or licenses;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale agreements and claim damages. We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

In addition, cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicity, combined with the time required and statutory time limits for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. As a result, it would be difficult to predict our future performance and the price of our shares.

Under the PRC laws, property developers are allowed to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from the pre-sale of properties as an important source of funding for our property projects. Pursuant to the current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and the pre-sale proceeds shall be supervised and may only be used to finance the relevant development project. In addition, in certain cities such as Nanjing and Suzhou, the local governments have recently imposed restriction on pre-sale of properties. According to public media reports, on January 29, 2022, the three ministries and commissions of

the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the "Opinions on Regulating the Supervision of Pre-sale Funds for Commercial Houses" (《关于规范商品房预售资金监管的意见》) (the "**Opinion**"), which clearly requires property developers to maintain a supervision account for pre-sale proceeds of property pursuant to the supervision limit determined by the municipal and county housing construction departments. At the same time, it is stipulated under the Opinion that the pre-sale payment should all be directly deposited into the supervision account. After the funds in the supervision account reach the supervision limit, the excess part can be withdrawn and used by the property developers. The funds within the supervision limit must be earmarked for specific purposes and must be used for relevant engineering construction. The holding company of the property developer shall not transfer the supervision funds of its subsidiaries. As of the date of this Information Memorandum, the Opinion has not been officially released publicly. There is no guarantee that the PRC national or local governments will not adopt any more stringent limitation or restriction on or even abolishment of the current pre-sale practices. The future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditures we must incur prior to obtaining a pre-sale permit or any other initiatives of the PRC national or local government to promote sale of completed properties, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property developments including increasing borrowings which would in turn increase our interest payments. This could have a material adverse effect on our business, cash flow, financial condition and results of operations.

In addition, the real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. We cannot assure you that we may not incur any impairment losses during adverse market conditions in the future.

We rely on third-party construction contractors for all of our construction works. In addition, we may not be able to find sufficient suitable third-party construction contractors if we expand into other geographical locations.

We outsource construction works of all our projects to third-party construction contractors, including but not limited to main structure, foundation digging, curtain wall installation, equipment installation and mechanical and electrical engineering work. We generally conduct an open tender process to select the construction contractors, taking into account a number of factors such as the contractors' scale, professional qualifications and certifications, industry reputation, track record and price. There is no assurance that our major construction contractors will be able to continue to provide services to our Group at fees acceptable to us or we can maintain our relationship with them in the future. Suitable construction contractors may not always be readily available whenever we need to engage them and there is no assurance that we would be able to find suitable alternative contractors which meet our project needs. In particular, difficulties in finding sufficient suitable construction contractors may arise when we expand into other geographical locations in the PRC due to varying development extent of property market in different cities and our lack of knowledge of construction contractors which operate in a particular city.

Currently, our construction management center and operation management center are responsible for overseeing the construction contractors to ensure that they carry out their jobs in accordance with our requirements and their timely compliance with the project schedule. We also adopt various quality control measures to ensure that our quality standards are strictly adhered to. However, there is no guarantee that they are effective in monitoring the performance of the third-party construction contractors or detecting all defects in the services rendered by such construction contractors. We cannot assure you that any such third-party construction contractor will provide satisfactory services or meet our requirements for quality and safety, or that they can

complete work within the agreed timeframe, or that they will comply with all the regulatory requirements. If any of these happens, we may need to replace an external construction contractor or take other actions to remedy any unsatisfactory work, which may have a material adverse effect on the costs and construction progress of our projects.

If our relationship with any of the third-party construction contractors deteriorates, a serious dispute with such contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and reputation.

Deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.

We rely, to a significant extent, on our “Yincheng (銀城)” brand name and image to attract potential customers to our properties. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, financial position and business, results of operations. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers’ trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial position and results of operations. In addition, any unauthorized use or inappropriate use of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations.

Our actual development costs of a property development project may deviate from our initial estimations due to fluctuations in cost, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We estimate the relevant total development costs which comprise, among other things, land costs, construction and other development costs, capitalized borrowing costs, at the outset of every property development project. While we have operating procedures to monitor the progress of development works to minimize deviation from the pre-approved budgets, our total development costs are subject to numerous factors which may be beyond our control.

Our construction costs have been affected by rising construction and installation costs and labor costs in the PRC in recent years and we expect a continuous upward movement in construction and installation costs and labor costs in the PRC in the future. The cost of construction materials, such as steel and concrete, may also continue to fluctuate from time to time. In addition, the PRC property market is significantly affected by policy and regulatory measures introduced by the PRC government from time to time which may affect various aspects of our property development operations, including but not limited to our cost of financing as well as the schedule of development of our property projects, which in turn may result in deviation from our initial estimated development costs. If the actual development costs of our projects deviate materially from our initial estimation, our business, results of operations and financial condition may be materially and adversely affected.

Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if costs of construction materials and labor increase subsequent to the pre-sale. The rising cost of construction materials and labor and our inability to pass cost increases on to our customers may adversely affect our results of operations.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government certificates, permits, registrations, filings, approvals or licenses in carrying out our property development operations.

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development operations, we must apply to the relevant government authorities to obtain (and renew for those relating to on-going operations) various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for real estate development enterprise, land use rights certificates/real estate certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sale permits (if applicable) and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate, permit, registrations, filings, approvals or licenses. If we fail to apply for or renew the certificates, permits, registrations, filings, approvals and licenses in a timely manner, our operations may be adversely affected.

In addition, our subsidiaries may have compliance issues with regulatory bodies in the course of our operations, which may result from commencing construction works before obtaining the requisite permits/approvals, failing to conduct environmental inspection, dividing a construction project that should be completed by one contractor into several parts and contracting them out to different contractors, or experiencing delays in renewing qualification certificates required for real estate development enterprises such as Xincheng Real Estate (Wuxi) Co., Ltd. (新城房地產開發(無錫)有限公司) and Xuzhou Changshun Real Estate Co., Ltd. (徐州長順置業有限公司), etc. Such issues may subject us to administrative proceedings, unfavorable decrees or penalties that result in liabilities and cause delays to our property developments. We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected, and if we fail to comply with any applicable PRC laws or regulations, our reputation and our business, results of operations and financial condition may also be materially and adversely affected.

Future investments or acquisitions may have a material adverse effect on our ability to manage our business and harm our results of operations and financial condition.

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions will depend to a large extent on our ability to identify suitable acquisition targets that meet our investment and acquisition criteria, to obtain financing on favorable terms and, where relevant, to obtain the required regulatory approvals. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including but not limited to:

- the difficulty of integrating the operations and personnel of the acquired business;
- the potential disruption to our ongoing business and the distraction of our management;
- the difficulty of maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of integration of new management and personnel;

- unrevealed potential liabilities arising from, for example, breach of contracts, and historical non-compliance incidents associated with acquired businesses;
- more capital is required to preserve and grow the value of acquired businesses or assets than planned; and
- adverse effects on our results of operations due to the amortization of and potential impairment provision for goodwill or other intangible assets associated with acquisitions, and losses sustained by acquired businesses after the date of acquisitions.

We may not be able to make acquisitions or investments on favorable terms or within a desired time frame. Even if we were able to make acquisitions or investments successfully as desired, we cannot assure you that we will achieve an intended level of return on such acquisitions or investments. Although prior to the proposed acquisition of equity interests in any target company, we generally conduct due diligence exercise to identify the potential legal, commercial and financial risks and develop plans to mitigate such risks, there is no guarantee that our due diligence exercise can reveal all the potential defects, liabilities and risks in relation to the acquisition. Nor can we guarantee that we are able to resolve all the issues we have identified effectively, or at all. In May 2018, we acquired equity interest in Wuxi Yifeng Real Estate Co., Ltd. (無錫億豐置業有限公司) (the “**Wuxi Yifeng**”), our non-wholly owned subsidiary, from an independent third party. Prior to the acquisition, Wuxi Yifeng was involved in certain breaches of its obligations under the relevant pre-sale agreements with its customers due to delay in delivery of certain properties. Since our acquisition up to the date of this Information Memorandum, we had not received any claims from or been involved in any legal proceedings with the remaining (over 600) customers. Under the relevant agreements, such customers are entitled to terminate the contract and be refunded the price paid for the properties and receive liquidated damages and/or interest. If the relevant customer decides to continue to perform the contract, it is entitled to receive liquidated damages. There is no assurance that such customers would not make any claims or initiate any legal proceedings against us in relation to the late delivery of property. In the event that a large number of such customers brings any legal actions against us to claim for the damages, this may result in damage to our reputation, substantial costs to our operations, and diversion of our resources. As such, our business, results of operation, financial positions and reputation may be materially adversely affected. Besides, in December 2019, we acquired equity interest of Xuzhou Tongshun Real Estate Co., Ltd. (徐州銅順房地產開發有限公司) without approval or filing from the relevant authorities in respect of the state-owned assets, which may effect the effectiveness of such equity transfer.

In addition, we may require additional equity financing in order to make such acquisitions and investments. If obtained, any such additional equity financing may result in dilution to the holdings of existing shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, the investment income of business combination achieved in stages is of nonrecurring nature, we cannot assure you that we would acquire additional equity interest in our joint ventures or associates (as defined under IFRS) or our future joint ventures or associates (as defined under IFRS). We also cannot assure you that we would achieve a business combination in stages.

We are subject to certain restrictive covenants and cross default clauses in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks, trust companies and other financial institutions. Certain loan agreements contain covenants pursuant to which our borrowing subsidiaries may not enter into merger, joint venture or restructuring transactions, decrease registered

share capital, transfer material assets, distribute dividends, or incur change in shareholdings without the lenders' prior written consent; and certain agreements may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio during the term of the loans. One of our subsidiaries had once breached a covenant in relation to debt-to-assets ratio under a loan agreement. The breach was later cured and the subsidiary is currently in compliance with the terms of the relevant agreement. As of the date of this Information Memorandum, we had not received indication from the relevant bank that it intended to request early repayment of the outstanding loan. However, there is no assurance that we would not be in any breach of our loan agreements in the future. Some of our loan agreements may have cross default clauses which will be triggered in the event of any breach of the covenants in our other loan agreements or cross acceleration clauses which will be triggered in the event of acceleration in repayment of the relevant loans pursuant to any breach of covenants in the other loan agreements. Any failure to comply with the restrictive covenants could result in a default under the relevant loan agreements and entitle our creditors to demand early repayment of the relevant loans, which may in turn trigger the cross default or cross acceleration clauses in the other loan agreements.

In addition, our trust and other borrowings may be secured by share pledge or mortgage of properties to the lender. If we fail to comply with any of those covenants resulting in the lenders' requests for acceleration or other default remedies, we may lose part or all of our equity interests in the relevant company and/or our interest in the relevant property projects. We could not assure you in the future that we will not breach the restrictive covenants set out in the above-mentioned loan and financing agreements. And we could not guarantee you in the future that the relevant financial institutions would not request early repayment of the outstanding bank borrowings once we had breached the relevant covenants. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and results of operations.

Our business requires access to substantial financing. Our failure to obtain adequate financing in a timely manner could severely and adversely (1) restrict our ability to complete existing projects, expand our business, or repay our obligations and (2) affect our financial performance and condition.

Due to the capital-intensive nature of our property development business, we have significant indebtedness. Please refer to our financial information incorporated by reference in this Information Memorandum for further details. To date, we have funded our operations primarily through bank borrowings, proceeds from sales and pre-sales of our properties and proceeds from issuance of equity and debt securities. We obtain commercial bank financing for our projects through credit lines extended on a case-by-case basis. Our ability to secure sufficient financing for land use rights acquisition and property development and repayment of our existing onshore and offshore debt obligations depends on a number of factors that are beyond our control, including lenders' perceptions of our creditworthiness, sufficiency of the collateral, if any, market conditions in the capital markets, investors' perception of our securities, the PRC economy and PRC government regulations that affect the availability and cost of financing for real estate companies or property purchasers.

We cannot assure you that our internally generated cash flow and external financing will be sufficient for us to meet our contractual and financing obligations in a timely manner. Due to the current measures imposed on us and other measures that may be imposed by the PRC government in the future, which could limit our access to additional capital, as well as restrictions imposed on us under our existing debt financing arrangements, we cannot assure you that we will be able to obtain sufficient funding to finance intended purchases of land use rights, develop future projects or meet other capital needs as and when required at a commercially reasonable cost or at all. Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors that are beyond our control including, among other things, the economic environment in the PRC and other markets in which we operate, financial market conditions and monetary policies of the governments. In addition, tightened government control over financing available to property developers, together with rising land, raw material and labor costs,

especially since the outbreak of the COVID-19 pandemic, could materially and adversely affect our ability to raise capital to fund our business expansion.

We are also subject to refinancing risk, which is exacerbated by the current downturn in the PRC property development sector and volatility in the capital and credit markets. We cannot assure you that we would be able to refinance our indebtedness, in a timely manner on acceptable terms, or at all.

Moreover, recent negative news relating to certain Chinese property companies has also had a significant effect on the property sector in China. Such recent defaults have an adverse impact on property sales in China and the ability of Chinese property companies to obtain onshore and offshore financing and/or refinance its existing indebtedness, including us, and we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all.

If we are unable to secure sufficient financing or refinance our indebtedness, we will continue to face pressure with respect to our coupon and principal payments on our borrowings becoming due. Any such failure to make the required payments could have a material adverse effect on our business, results of operations and financial conditions, on the trading price of the Notes, and ultimately on our ability to repay our obligations under the Notes on a timely basis, or at all. In addition, we may have to dedicate a substantial portion of our cash flow from operations to repayment of our indebtedness, which in turn would reduce our cash flow to fund working capital, capital expenditures and for other general corporate purposes and may adversely affect our future operating performance. Our failure to obtain adequate financing or refinancing in a timely manner and on reasonable terms could severely and adversely (1) restrict our ability to complete existing projects, expand our business, or repay our obligations, and (2) affect our cash flow, liquidity, financial performance and condition.

We guarantee the mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments.

We derive the substantial portion of our revenue from sale of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the availability of mortgages to our prospective purchasers would significantly affect our financial condition and results of operations. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers up until we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of the mortgagee bank.

The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. If a customer defaults on payment of its mortgage, the mortgagee bank may require that we immediately repay the entire outstanding balance of the mortgage and any additional payments or penalties pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the loan and the mortgage to us and we would then have full recourse to the property. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

We cannot assure you that defaults by purchasers will not occur or that the rate of such defaults will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, if there is a material depreciation in the market value of the relevant properties, or if we cannot resell such properties due to unfavorable market conditions or for other reasons, our financial condition and results of operations may be materially and adversely affected.

If the advertising of any of our properties is considered to be false or misleading, we may be subject to penalties, which may undermine our sales and marketing efforts, deteriorate our brand name, and have a material adverse effect on our business.

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. If any of our advertisements is considered to be untruthful or misleading, we may be subject to penalties and may be required to cease publishing the advertisement and eliminate adverse effects within the corresponding extent to correct the previous false or misleading advertisements and clarify the truth. Historically, we have been subject to such administrative penalties for our misleading advertisements of certain property development project. We may also be subject to the withdrawal of our business license in extreme circumstances. Pursuant to the “Notice on Launching a Special Campaign to Combat the Violations of the Interests of the People and Controlling Real Estate Market Chaos in Some Cities” (《關於在部分城市先行開展打擊侵害群眾利益違法違規行為治理房地產市場亂象專項行動的通知》) jointly promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (the “MOHURD”), the Propaganda Department, the Ministry of Public Security, the Ministry of Justice, SAT, SAIC and the China Banking and Insurance Regulatory Commission on June 25, 2018, the administration and supervision over illegal activities of publishing real estate advertisement has been strengthened in some cities where our Group operates or intends to operate. In addition, any false or misleading advertising may cast doubt on our other disclosures, advertisements, filings and other publications, deteriorate our brand name and reputation, and consequently materially and adversely affect our business, financial condition and results of operations.

We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our contractors, suppliers, purchasers or other third parties, and may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties involved in the development and sale of our properties, including but not limited to contractors, suppliers, construction workers and purchasers. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management’s attention. In addition, we may disagree with regulatory bodies in certain respects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our properly developments. We had been and are currently involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from property purchase agreements and renovation contracts with our customers, agreement with construction contractor and other suppliers, the instrument acceptance disputes, and our guarantee of mortgage agreements entered into between our customers and mortgagee banks. For example, Nanjing Airport Exhibition Investment Management Co., Ltd. (南京空港會展投資管理有限公司) had been and are currently being sued in around 70 legal cases mainly due to the disputes over the payments of indebtedness by its business partners’ shareholders, and the dispute amount of each such suit ranges from RMB6,231.5 to RMB152,476,734.94. Such claims could lead to the potential payment of judgement awards, orders to rectify obstructions and nuisance or the payment of litigation costs as well as other forms of settlement. As of the date of this Information Memorandum, Wuxi Yifeng, our non-wholly owned subsidiary, which we acquired from another third-party property developer, was also involved in a number of potential claims in relation to the delay in delivery of properties to the customers. We cannot assure you that we will not be involved in any other major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Our success depends on the continued services of our senior management team and other qualified employees.

Our continued success and growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including management personnel, with relevant professional skills. The services of our directors and members of senior management are essential to our success and future growth. The loss of a significant number of our directors and senior management could have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. We may not be able to successfully attract, assimilate or retain all of the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. In addition, if any director or any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers and key professionals and staff members. Due to the intense competition for management and other personnel in the PRC property sector, any failure to recruit and retain the necessary management personnel and other qualified employees could have a material adverse impact on our business and prospects.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes, which could adversely affect our financial results.

Our properties developed for sale are subject to LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to 60%.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. As some of our projects are developed in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be adversely and materially impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

The success of a joint venture and associate (as defined under IFRS) depends on a number of factors which may be beyond our control, and as a result, we may not be able to realize the anticipated economic and other benefits.

We have established joint ventures and associates (as defined under IFRS) with third parties and may continue to do so in the future. The performance of such joint ventures and associates (as defined under IFRS) has affected, and will continue to affect, our results of operations and financial position. We and our partners provided advances to our joint ventures and associates (as defined under IFRS) in proportion to our shareholding percentages in order to fund such project companies' land acquisition efforts and working capital requirements. We were unable to resort to external financing but had to rely on our internal resources from the sales and pre-sales of properties developed by us for the payment of such advances. We will be repaid such advances after the project company generates cash flow and receive the pre-agreed share of return if the project company records profit. Therefore, the timing of capital requirements, the financial performance of our joint ventures and associates (as defined under IFRS) and their ability to repay may materially and adversely affect our results of operations and our cash flow position. We generally expect to incur share of loss in such joint ventures and associates (as defined under IFRS) until their respective development of property projects completes and starts to contribute revenue.

The success of a joint venture and associate (as defined under IFRS) depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associates (as defined under IFRS). In addition, in accordance with PRC law, our joint venture agreements and the articles of association of our joint ventures and associates (as defined under IFRS), certain matters relating to such joint venture and associate (as defined under IFRS) require the consent of the shareholders representing at least two-third of the voting rights; and some joint venture agreements and the articles of association require that resolutions of shareholders' meeting shall be passed with unanimous consent of the shareholders. Therefore, such joint ventures and associates (as defined under IFRS) involve a number of risks, including:

- we may not be able to pass certain important board resolutions or resolutions of shareholders' meeting requiring unanimous consent of all of the directors or shareholders of our joint ventures and associates (as defined under IFRS) if there is a disagreement between us and our partners;
- we may disagree with our partners in connection with the scope or performance of our respective obligations under the joint venture arrangements;
- our partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or other reasons;
- our partners may have economic or business interests or goals or philosophies that are inconsistent with ours;
- our partners may take action contrary to our requests or instructions or contrary to our policies or objectives with respect to our property investment; our partners may hold equity interest on behalf of others, which may cause uncertainty in the shareholding; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture arrangements with us.

In addition, since we do not have full control over the business and operations of our joint ventures and associates (as defined under IFRS), we cannot assure that they have been, or will be in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures and associates (as defined under IFRS) or our joint ventures and associates (as defined under IFRS) will not violate PRC laws and regulations, which may have a material adverse effect on our business, results of operation and financial condition.

There is uncertainty about the applicability or recoverability of our deferred tax assets, which may affect our financial position and results of our operations in the future.

For each reporting period, we evaluate our deferred tax assets to determine whether it is probable that they will be realized. In determining whether it is probable that the deferred tax assets will be realized, we assess the likelihood that we will be able to recover our deferred tax assets using historical levels of income, estimates of future income, future reversal of existing taxable temporary differences, taxable income in carryback years and tax planning strategies. See our consolidated financial statements included in this Information Memorandum for further details on our accounting policy with respect to deferred tax assets. Such determination requires significant judgment from our management on the tax treatment of certain transactions as well as assessment on the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be incorrect or imprecise, we may need to adjust our tax provisions accordingly. Furthermore, we cannot predict any future movements in our deferred tax assets and to what extent they may

affect our financial position in the future. Any of these events may have a material adverse effect on our business, financial condition and results of operation.

Compliance with PRC laws and regulations regarding environmental protection may result in substantial costs and delays in construction schedule.

We are subject to a variety of laws and regulations concerning environmental protection. Environmental protection laws can prohibit or severely restrict property development activities in environmentally sensitive regions or areas. Compliance with environmental protection laws and regulations may result in delays and may cause us to incur substantial compliance and other costs. Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues, lower returns, as well as cause liabilities for breach of contract. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or termination of the pre-sales agreements and claim for damages. Besides, we are supposed to acquire permits (each a “Permit”) for sewage discharge into the drainage network, failure of which would lead to imposition of fines and penalties on us or suspension of our operations by the relevant authorities.

We cannot assure you that we will not experience any such delays in the future or that we will not be subject to any liabilities for any such delays. Liabilities arising from any delays in the completion or delivery of our properties may have a material adverse effect on our business, results of operations and financial condition.

The administrative procedures in relation to environmental protection for property development projects may vary depending on the practice of the local government authorities. For cities such as Zhenjiang, we are required to engage independent third-party environmental consultants to conduct environmental impact assessments at all of our construction sites, and such environmental impact assessments were submitted to the relevant government authorities for approval before commencement of construction. It is possible that the environmental impact assessment conducted may not reveal all environmental liabilities or the extent of their impact, and we may not be aware of all material environmental liabilities. If any portion of a project is found to be non-compliant with relevant environmental standards, the relevant authorities may suspend our operations at that project as well as impose fines and penalties which may adversely affect our results of operation and financial conditions.

We may be subject to fines, termination of the contracts or sanctions by the PRC government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to the payment of fees, the designated use of land and the time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Historically, we failed to complete the development of certain land within the time provided in the land grant contract and may face such risks. Any violation of the terms of the land grant contract may also restrict a developer’s ability to participate, or prevent it from participating, in future land bidding. We cannot assure you, however, that we will not experience delays in making land premium payment in the future. If we incur late payment fees in the future, our business, financial condition and results of operations may be materially and adversely affected.

Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve an investigation notice on us and impose an

idle land fee on the land of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government so long as the delay in development is not caused by government actions or force majeure. Moreover, even if we commence development of the land in accordance with the land use rights grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as promulgated in the project proposal submitted to the government at the project registration stage and the development of the land is suspended for over one year without government approval, the land may still be treated as idle land.

There are specific enforcement rules on idle land and other aspects of land use rights grant contracts in many cities in China, and the local authorities are expected to enforce such rules in accordance with instructions from the central government of China. Where a holder of the right to use a plot of state-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of any idle land before such holder completes the required rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use rights grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

Some of our leased/used properties in the PRC are subject to certain specific risks including those arising from lack of title proof and non-registration and we may be required to relocate or pay fines.

We leased/sub-leased several properties from the third parties and our subsidiaries mainly for our office premises. For certain of our leases, the landlords/lessors were unable to provide the real estate certificates or the consent to sub-lease from the landlord of the relevant head leases to prove their authority to lease the relevant properties. Further, the lease agreements for some of our leased properties are expired and not renewed. These leased properties were mainly used as our registered offices. The relevant leases may be deemed as invalid or unenforceable if challenged by third parties and we may no longer be able to use such premises as our registered offices.

In addition to the leases mentioned above, we were also granted the right to use properties from third parties and our subsidiaries as our registered offices. For part of such properties, we were not provided with the real estate certificates to prove the authority of the relevant grantors to permit us to use such properties or the relevant right previously granted has been expired. There is a risk that we may not be able to continue to use such properties if our rights are challenged by any third party.

As of the date of this Information Memorandum, we had not been aware of any third party challenging the validity of the relevant lease agreements, ownership of the relevant properties or our rights to use such properties. However, if any of these happens, we may need to find another premises as our registered office, which may affect our business operation.

Pursuant to relevant PRC regulations, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the date of this Information

Memorandum, we failed to register certain leases we entered into as tenants. The failure to register the lease agreements does not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. We cannot assure you that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

The constructed GFA of our project may be different from the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land premium.

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. According to the regulations of many local governments, if constructed total GFA exceeds the permitted total, or if the completed development contains areas that authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the completion certificate for our development, and, as a consequence, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval, and the payment of additional land premium and urban infrastructure allocation fee. However, if the constructed total GFA exceeds the permitted total GFA as stipulated in the relevant land grant contract, the excess constructed GFA might be deemed as illegal construction which is required to be dismantled mandatorily or confiscated, and a fine may be imposed. If issues related to excess GFA cause delays in the delivery of our products, we may also be subject to liability to purchasers under our sales and purchase agreements. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you we have sufficient funding to pay any required additional land premium or take remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, financial condition and results of operations.

Our property development business is subject to customer claims under statutorily mandated quality warranties.

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. We have received customer claims in relation to the quality of our projects in the past and we cannot assure you that we will not receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to any issues relating to the quality of properties. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties.

Although we believe that each of these claims is immaterial by nature or amount, we cannot assure you that we will not face any significant customer claims in the future. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and could have a material and adverse impact on our business, financial condition and results of operations.

We may be liable to our customers for damages if we do not deliver real estate certificates in a timely manner.

Purchasers shall apply for the relevant real estate certificates and property developers, including us, are required to assist the purchasers in submitting the relevant documentary evidence within a stipulated period after delivery of the properties, for the government authorities' review and the issuance of the real estate certificates regarding the properties purchased.

Delays by the government authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and real estate certificates. We may not be able to submit the relevant documents for the government authorities' review in time due to such delays, which may result in penalties and, in the case of a prolonged delay, the purchaser's demand for return of property or compensation. If we become liable to a significant number of purchasers for such delay, our business, financial condition and results of operations may be materially and adversely affected.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations.

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from financial institutions such as commercial banks and trust companies. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. Our borrowings are primarily denominated in RMB and U.S. dollars. The interest rates on our borrowings in RMB are primarily affected by the benchmark interest rates set by the PBOC and trust companies. Any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

Current insurance coverage may not be adequate to cover all risks related to our operations.

In line with industry practice, we do not maintain any insurance policies for our residential property development projects. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements. Furthermore, we do not maintain insurance covering construction-related property damage or personal injuries of third parties.

In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. We cannot assure you that we will not be sued or held liable for damage arising from, or in connection with, any such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquakes, typhoons, floods, wars, civil disorders and other events of force majeure. If we suffer any loss, damage or liability in the course of our business operations, we may not have sufficient funds to cover such loss, damage or liability or to replace any property development that has been destroyed. In addition, any payment we make to cover any loss, damage or liability could have a material adverse effect on our business, financial condition and results of operations.

Our historical results of operations may not be representative of our future performance and certain components are subject to uncertainties and fluctuation when preparing our financial statements.

We cannot assure you that we will grow at a high rate, or at all, or that we will not experience a decrease in revenue. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. As a result, our past results of operations may not be representative of our future performance.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties.

We plan to develop and own more investment properties such as elderly care homes and therefore our investment property portfolio is expected to increase in the future. Investment properties are generally illiquid and our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell an investment property which is subject to a lease agreement, we may have to obtain consent from or pay termination fees to the tenants. We may also need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

Furthermore, aging of investment properties, changes in economic and financial condition, beyond our control, such as changes in interest rates, or changes in the competitive landscape in the PRC property market may adversely affect the amount of rental income we generate from, as well as the fair value of, our investment properties, either completed or under development. However, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may adversely affect our business, financial condition and results of operations.

We are a holding company and rely primarily on dividends paid by our subsidiaries, joint ventures and associates (as defined under IFRS) to fund any cash and financing requirements we have, and our ability to pay dividends and utilize cash resources in our subsidiaries, joint venture and associates (as defined under IFRS) depend on their earnings and distributions.

We are a holding company and we conduct our business operations primarily through our subsidiaries, joint ventures and associates (as defined under IFRS) in China. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries, joint ventures and associates (as defined under IFRS) to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. In addition, some of our PRC subsidiaries, such as Nanjing Yincheng Real Estate Co., Ltd., Zhenjiang Hengrun Real Estate Co., Ltd., Wuxi Yifeng Zhiye Co., Ltd., Nanjing Eastern Senior Living Health Industry Co., Ltd., Nanjing Yinjiayuan Business management Co., Ltd. and Zhejiang Linan Zhongdu Real Estate Co., Ltd., are subject to certain restrictions on dividend distribution under their loan agreements with the relevant banks. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy our obligations under the Notes and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption. If any of our subsidiaries, joint ventures or associates (as defined under IFRS) incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us.

These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. In addition, their declaration of dividends will be at the absolute discretion of the boards of our subsidiaries, joint ventures and associates (as defined under IFRS).

Furthermore, payments of dividends by our subsidiaries, joint ventures and associates (as defined under IFRS) are subject to restrictions under PRC laws. In addition, our subsidiaries, joint ventures and associates (as defined under IFRS) may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities and joint venture agreements, to which they may be subject. Any of the above factors may affect our ability to pay dividends and to service our indebtedness. As we expect to continue to invest in subsidiaries, joint ventures and associates (as defined under IFRS) for the development of property projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries, joint ventures and associates (as defined under IFRS), which could materially and adversely affect our ability to conduct our business.

In addition, our investments in joint ventures and associates (as defined under IFRS) are subject to liquidity risk. Our investments in joint ventures and associates (as defined under IFRS) are not as liquid as other investment products as there is no cash flow until dividends are received even if our joint ventures and associates (as defined under IFRS) reported profits under the equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the joint ventures or associates (as defined under IFRS) in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the joint ventures or associates (as defined under IFRS) at the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquid nature of our investments in joint ventures or associates (as defined under IFRS) may significantly limit our ability to respond to adverse changes in the performance of our joint ventures and associates (as defined under IFRS). In addition, if there is no share of results or dividends from our joint ventures or associates (as defined under IFRS), we will also be subject to liquidity risk and our financial condition or result of operations could be materially affected.

Certain portions of our property development projects and investment properties are designated as civil air defense purposes.

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the Standing Committee of the National People's Congress ("SCNPC") on October 29, 1996, as amended on August 27, 2009 and Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (人民防空工程平時開發利用管理辦法) promulgated by the House Civil Air Defense Office on November 2001, in the time of peace, such areas designated as civil air defense properties shall be used and managed by the property developer and the income therefrom shall be owned by the property developer.

While our business operations have complied with the laws and regulations on civil air defense property in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost.

RISKS RELATING TO OUR INDUSTRY

Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate.

Our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic

measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers, imposing restrictions on foreign investment and requiring the real estate developers to deleverage. Since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

- strictly enforcing the idle land related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold large amounts of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio of less than certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- requiring the property developers to report for record to the relevant administrative department of the local government in charge of real estate development before any sales of completed properties;
- requiring the property developers in Nanjing to report the proposed sale price for record to the price bureau of the local government before any sales of properties and such sale price cannot be raised within 3 months after the report;
- strengthening the administration and supervision over real estate development enterprises in some cities where the Group operates or intends to operate; and
- strengthening the administration and supervision over publishing real estate advertisement in some cities where the Group operates or intends to operate.

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market in the PRC and some of which focus on the first-tier and second-tier cities:

- restricting (a) residents who own more than two residential properties within the same city, (b) non-residents who own more than one residential properties within the same city, or (c) non-residents who fail to provide proof of tax payment or social security contributions beyond a specified time period from purchasing additional residential properties;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower and suspending mortgage financing for the purchase of third or above residential properties of a household;
- imposing a value-added tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- increasing minimum down payment for purchase of a second residential property of a household;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and
- limiting the availability of individual housing provident fund loans for the purchase of a second (or more) residential properties by labors and their family members.

According to public media reports, on August 21, 2021, the Ministry of Natural Resources and other relevant governmental departments have held a joint meeting to impose conditions on granting state-owned land use rights to property developers, including setting price ceiling and requiring property developers to retain a portion of the property developed. No official announcement was published as of the date of this information memorandum and our ability to raise capital for business operation and expansion may be adversely affected if the PRC government officially imposes further conditions for land bidding, auction or listing for sale.

We cannot assure you that the PRC government will not implement further tightening measures to restrain the PRC property market at the national, provincial, municipal and/or local level, in which case the transaction volume and selling prices of properties in the PRC may decline or further intensify, and as a result, our financial condition and results of operations may be, and or may continue to be, adversely affected.

Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government with respect to foreign investment in the PRC property market.

The PRC government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years. On July 11, 2006, the Ministry of Construction, MOF, NDRC, PBOC, SAIC and SAFE issued the “Opinions on Regulating Foreign Capital Access into the Real Estate Market and Management” (《關於規範房地產市場外資准入和管理的意見》). On May 23, 2007, the MOF and SAFE issued the “Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry” (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) (as amended on October 28, 2015) (“**Notice 50**”). On November 22, 2010, the MOF issued the “Notice on Strengthening the Approval and Filing Administration of Foreign Investment in the Real Estate Industry” (《關於加強外商投資房地產業審批備案管理的通知》). On August 19, 2015, the MOHURD, MOF and NDRC, PBOC, SAIC and SAFE issued the “Notice on Adjusting the Policies on the Market Access and Administration of Foreign Investment in the Real Estate Industry” (《關於調整房地產市場外資准入和管理有關政策的通知》).

Pursuant to the “Prohibited Land Use Catalogue (2012 Version)” (《禁止用地項目目錄(2012年本)的通知》) promulgated by Ministry of Land Resources and National Development and Reform Commission, construction of golf courses and villas are prohibited.

Pursuant to the requirements in the above-mentioned circulars we must apply to the relevant examination and approval authorities for approval or record-filing if we plan to expand the scope of our business or the scale of our operations, engage in new project developments or operations or increase the registered capital of our PRC foreign-invested subsidiaries in the future. If the PRC government promulgates further policies or regulations to further regulate or restrict foreign investment in the PRC property sector, and if these policies or regulations have a direct application to our business, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

The PRC property market industry is highly competitive.

There are a large number of property developers in the PRC and we expect the level of competition to increase over time, especially as new players enter the market and existing players expand, merge, reorganize and become more established. Intense competition among property developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale, a decrease in property prices, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel. Many of our competitors, including foreign developers and top-tier domestic developers, may have

more financial or other resources than us. Domestic and overseas property developers have entered the property development markets in these cities where we have operations. If we fail to compete effectively, our business operations and financial condition will suffer.

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available.

Many purchasers of our properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers' affordability of properties. In addition, the PRC government and commercial banks may increase the down-payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

From time to time, the PRC government issues laws, regulations or policies regarding mortgage financing to regulate the PRC property market. In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market, which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40% of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level. In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. Further, pursuant to such notice, interest rate for mortgage loans of second homes cannot be lower than 110% of the PBOC benchmark lending rate. In May 2010, MOHURD, PBOC and CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans. According to a notice jointly issued by PBOC and CBRC on September 29, 2010, the minimum down-payment has been raised to 30% for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. In January 2011, the State Council issued a circular to further raise the minimum down-payment requirement for second home purchases to 60%. In addition, according to the Circular of China Banking Regulatory Commission on Printing and Distributing the Guidelines for Risk Management over Real Estate Loans of Commercial Banks (中國銀行業監督管理委員會關於印發《商業銀行房地產貸款風險管理指引》的通知), mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the borrower's monthly income or if the total debt service of the borrower would exceed 55% of such individual's monthly income. Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. On September 29, 2014, PBOC and CBRC jointly issued the "Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services" (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), according to which, the reasonable housing loan demand of residential households shall be actively supported; where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. On March 30, 2015, PBOC, MOHURD and CBRC jointly issued the "Circular on Issues concerning Individual Housing Loan Policies" (《關於個人住房貸款政策有關問題的通知》), according to which, where a household that owns an existing property for which the property purchase loan has not been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the minimum down-payment shall be not

less than 40%. On February 1, 2016, PBOC and CBRC jointly issued the “Circular on Issues concerning Adjusting the Individual Housing Loan Policies” (《關於調整個人住房貸款政策有關問題的通知》), according to which, in the cities without restrictive measures for property purchase, the minimum down payment for first home purchases shall be not less than 25%, where a household that owns an existing property for which the property purchase loan has not been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the minimum down-payment shall be at least 30%. The PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (關於建立銀行業金融機構房地產貸款集中度管理制度的通知), which requires from January 1, 2021 a PRC banking financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

The global financial markets, including the financial markets in China, have experienced significant slowdown and volatility during the past few years, which has affected the PRC property market, and any continued deterioration may materially and adversely affect our business and results of operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market, including among other things:

- by reducing the demand for commercial and residential properties resulting in the reduction of property prices;
- by adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and
- by negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in recent years and there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. The Chinese government has taken monetary and regulatory measures to stabilize the domestic equity market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than

currently anticipated, or if the PRC economy and financial market continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

PRC economic, political and social conditions as well as government policies could affect our business.

All of our business and operations are located in the PRC. As a result, our business, financial condition, results of operations and prospects may be affected by the economic, political and social conditions as well as government policies in the PRC.

While the PRC government has been pursuing economic reforms to transform its economy from a planned economy to a market economy for more than four decades, a substantial part of the PRC economy is still being operated under various controls by the government. By imposing industrial policies and other economic measures, such as control of foreign exchange, taxation and foreign investment, the PRC government exerts considerable direct and indirect influence on the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may materially and adversely impact our business, financial condition, results of operations and prospects.

The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since the late 1970s, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. For example, the NDRC issued a Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044 號)) (the “**NDRC Notice**”) on September 14, 2015. The NDRC Notice, which became immediately effective, requires registration of offshore debt offerings by PRC enterprises with the NDRC. We have not registered the issuance of the Notes with the NDRC, because the NDRC Notice by its own requirements applies only to debt with a tenor of one year or above, whereas the Notes have a tenor shorter than one year. However, we cannot assure you that the NDRC will not promulgate a new regulation, such that debt instruments similar to the Notes will be subject to registration or other regulatory requirements. We cannot predict the negative implication any such development would introduce to the Notes, and we cannot assure you that we will be able to comply with any such regulation. In addition, the PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated laws and regulations.

In addition, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and may have different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the

documentation which it holds for on-going cases available for inspection. Accordingly, there is a risk that entities in the PRC acquired by us may be subject to proceedings which have not been disclosed.

The PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of a violation of these policies and rules until sometime after the violation. Failure to comply with applicable rules and regulations may result in fines, restrictions on our activities or, in extreme cases, suspension or revocation of our business licenses. There may be uncertainties regarding the interpretation and application of new laws, rules and regulations.

The interpretation and enforcement of certain PRC laws which govern a portion of our operations involve uncertainties, which could limit the legal protections available to us. In particular, agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for us to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The PRC government's control over the conversion of foreign exchange and fluctuations in the value of RMB may affect our results of operations, financial condition and ability to pay dividends.

Substantially all of our revenue and expenditures are denominated in RMB. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

The value of RMB against the U.S. dollar and other currencies is affected by a number of factors, such as changes in the political and economic conditions in the PRC as well as internationally and the fiscal and foreign exchange policies prescribed by the PRC government. There is no assurance that the value of RMB will remain at the current level against the U.S. dollar or any other foreign currency. Should RMB appreciate or depreciate against the U.S. dollar or any other foreign currency, it will have mixed effects on our business and there is no assurance that the overall effect will be positive.

RMB is not currently a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Pursuant to the existing foreign exchange regulations in the PRC, we are allowed to carry out current account foreign exchange transactions (including dividend payment) without submitting the relevant documentary evidence of such transactions to the SAFE for approval in advance as long as they are processed by banks designated for foreign exchange trading. However, foreign exchange transactions for capital account purposes may require the prior approval or registration with the SAFE. If we fail to obtain the SAFE's approval to convert RMB into foreign currencies for foreign exchange transactions or there are changes in the foreign exchange regulations or policies, our capital expenditure plans, business operations, results of operations, financial condition and our ability to pay dividends could be materially and adversely affected.

Changes in foreign exchange regulations may adversely affect our ability to transfer funds and subsequently impact the results of our operations

We currently receive most of our revenues from operations in the PRC and such revenues are denominated in Renminbi. The PRC government regulates the conversion between Renminbi and foreign currencies. Over the years, the PRC government has significantly reduced its control over routine foreign exchange transactions under current accounts, including trade and service related foreign exchange transactions and payment of dividends. However, foreign exchange transactions by our PRC subsidiaries under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC

governmental authorities. There can be no assurance that these PRC laws and regulations on foreign investment will not cast uncertainties on our financing and operating plans in China. Under current foreign exchange regulations in China, subject to the relevant registration at the SAFE, we will be able to pay dividends in foreign currencies, without prior approval from the SAFE, by complying with certain procedural requirements. However, there can be no assurance that the current PRC foreign exchange policies regarding debt service and payment of dividends in foreign currencies will continue in the future. Changes in PRC foreign exchange policies might have a negative impact on our ability to service our foreign currency-denominated indebtedness and to distribute dividends to our shareholders in foreign currencies.

There are uncertainties with respect to indirect transfers of assets (including equity interests) of our PRC subsidiaries.

In February 2015, the SAT issued the Announcement on Certain Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (as amended on October 17, 2017 and December 29, 2017) (“**Circular 7**”), which abolished certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (“**Circular 698**”), which was previously issued by the SAT in December 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and also heightens the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“**PRC Taxable Assets**”).

Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose. Although Circular 7 contains certain exemptions, it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares on a public market by our non-resident enterprise Shareholders or to any future acquisition by us outside the PRC involving PRC Taxable Assets. As a result, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future sale or acquisition by us outside the PRC involving PRC Taxable Assets to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

RISKS RELATING TO THE NOTES, THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We are a holding company with no material operations. We conduct our operations primarily through our PRC subsidiaries and our joint ventures and associates (as defined under IFRS) in the PRC. The Notes will not be guaranteed by any current or future PRC subsidiaries. Moreover, the Notes will not be guaranteed by certain other Non-Guarantor Subsidiaries and, under the terms of the Indenture, the Subsidiary Guarantors may be able to release their Subsidiary Guarantees subject to certain conditions and become Non-Guarantor Subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and certain Non-Guarantor Subsidiaries incorporated outside the PRC and may be held by JV Subsidiary Guarantors or new Non-Guarantor Subsidiaries in the future. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations.

Accordingly, our ability to pay principal and interest on the Notes 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 our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our 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 Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to a third party of equity interest of no less than 20% in such subsidiary by its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our 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 Company. 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 your ability to recover any amounts due under the Notes.

Our obligations under the Notes are subordinated to our secured indebtedness.

Our obligations under the Notes are not secured by any liens over assets of the Company or any subsidiaries of the Company. The Notes will be effectively subordinated to all of our existing and future secured debt, to the extent of the value of the assets securing such debt. As a result, the holders of our secured debt would have priority as to the assets securing the payment obligations under such secured debt over the claims of holders of the Notes. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of our secured debt may assert rights against the secured assets in order to receive full payment of their debt before the assets may be used to satisfy any payment obligations to the holders of the Notes, and a holder of the Notes may not be able to recover any principal or interest due to it under the Notes if the value of any remaining assets, after satisfying the Company's and its subsidiaries' obligations under any secured debt is not sufficient to satisfy the obligations under the Notes.

We have flexibility to incur debt secured by assets the security interest of which may not be shared with the holders of the Notes.

Although the "Limitation on Liens" covenant as described in "Description of the Notes" provides that we may not create or permit to exist any liens on our assets and properties unless such liens are shared on a *pari passu* basis with the holders of the Notes, such restriction is subject to important exceptions and qualifications. The terms of the Notes give us enhanced flexibility to make Restricted Payments, including investments, in Unrestricted Subsidiaries, minority owned joint ventures and other persons, and we have the flexibility under the terms of the Notes to designate certain subsidiaries as Unrestricted Subsidiaries, which may have substantial

assets. Unrestricted Subsidiaries themselves are not subject to the restrictive covenants under the indenture governing the Notes and will therefore be permitted to incur debt secured by their assets, the security interest of which will not be shared with holders of the Notes. In addition, the definition of “Permitted Liens” also gives us and our Restricted Subsidiaries flexibility to incur debt secured by certain assets, the security interest of which may not be shared with holders of the Notes. The Notes will therefore rank behind such secured debt to the extent of the value of such security, the amount of which may be material.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from these entities to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of our 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 us to make payments on the Notes. Further, certain loan agreements and secured trust and other financing agreements obtained by our PRC subsidiaries from lender banks, trust companies, security companies and asset management companies in the PRC contain provisions that restrict or prohibit the payment or declaration of dividends or distributions. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

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 IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our 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 addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such restrictions, there could be limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

Furthermore, although we currently do not have any offshore shareholder loan to our PRC subsidiaries, we may resort to such offshore lending in the future, rather than equity contribution, to our PRC subsidiaries to finance their operations. In such events, the market interest rates that our 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 our subsidiaries, therefore, are likely to be lower than the interest rate for the Notes. Our PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on our 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 SAFE, as well as any other documents that SAFE or its local branch may require.

The eligibility for the reduced tax rates described above on payments from our PRC subsidiaries to our Hong Kong subsidiaries is subject to limitations, including that the Hong Kong recipient company must be treated as the beneficial owner of the income and the PRC tax authorities approve the reduced withholding rate. There is no assurance that such approval will be granted by the PRC tax authorities.

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

We have substantial indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures.

We currently have, and will continue to have after the issuance of the Notes, a substantial amount of indebtedness. Our substantial indebtedness and high gearing could have significant implications, including, among others:

- limit our ability to satisfy our obligations under the Notes and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase our cost of additional financing.

In the future, we may, from time to time, incur substantial additional indebtedness and contingent liabilities, in which case the risks that we face as a result of our substantial indebtedness could intensify.

Under the Indenture, our ability to incur additional debt is subject to limitations on indebtedness and preferred stock covenant. Under such covenant, we may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if we 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 our definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) for the Notes includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA and therefore our ability to incur additional debt under such covenants could be substantially larger when compared to other similarly situated PRC senior notes issuers whose covenants do not typically include such unrealized gains in the definition of consolidated net income. In addition, because our definition of Consolidated Interest Expense for the Notes excludes (i) the interest expense on indebtedness of third parties that we guarantee (except to the extent that such interest expense is actually paid by us) and (ii) any distributions incurred, accrued or payment on any Perpetual Securities Obligation (as defined in “*Description of the Notes*”)

that is accounted for as equity in accordance with the relevant generally accepted accounting principles, our Consolidated Interest Expense and our ability to incur additional debt could be even larger when compared to other similarly situated PRC senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, there is no assurance that we will be able to generate sufficient cash flow for these purposes. In addition, we have experienced net cash outflows from operating activities and investing activities in the past. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, our ability to meet the Fixed Charge Coverage Ratio requirement in the Indenture may be affected by events beyond our control. We cannot assure you that we will be able to meet such requirement. Certain of our other financing arrangements also impose operating and financial restrictions on our business. Such restrictions in the Indenture and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund required capital expenditures, or withstand any future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt.

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

The Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on April 16, 2012 and further widened to 2.0% on March 17, 2014. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 24.5% from July 21, 2005 to June 30, 2016. On August 11, 2015, the PBOC announced plans to improve the central parity rate of the RMB 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 RMB 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. RMB has been added to its Special Drawing Rights currency basket since October 2016. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and

results of operations could be adversely affected because of our substantial U.S. dollar denominated indebtedness and other obligations. The fluctuations in exchange rates could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes and other indebtedness denominated in foreign currencies.

There are certain hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. Following the issuance of the Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our foreign currency-denominated liabilities and our liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments.

Any hedging obligation entered into or to be entered into by us or our subsidiaries, may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to us and/or any of our subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, us and/or any of our subsidiaries (as relevant) in respect of any such early termination. Any such early termination, in whole or in part, of any such hedging obligation(s), and the payment and any other consequences and effects of such early termination(s), may be material to our financial condition and/or any of our subsidiaries and may be material in relation to the performance of our or their respective obligations under or in relation to the Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

We may not be able to repurchase the Notes upon a Change of Control.

We must offer to purchase the Notes upon the occurrence of a Change of Control, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See the section entitled “*Description of the Notes.*”

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control to make purchases of outstanding Notes. Our failure to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. 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 our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of a Change of Control for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our 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, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of our assets may be uncertain.

Interest payable by us or the Subsidiary Guarantor to our foreign investors and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.

We or any Subsidiary Guarantor (as the case may be) may be treated as a PRC resident enterprise for PRC tax purposes. If we or the Subsidiary Guarantor are deemed a PRC resident enterprise, the interest payable on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us or the Subsidiary Guarantor to investors that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, if despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Notes by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we or the Subsidiary Guarantor are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we or the Subsidiary Guarantor pay with respect to the Notes, or any gains realized from the transfer of Notes, to be income derived from sources within the PRC, such interest or gains earned by non-resident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. It is uncertain whether we or any Subsidiary Guarantor (as the case may be) will be considered a PRC “resident enterprise.” If we or the Subsidiary Guarantor are required under the EIT Law to withhold PRC income tax on interest payable to our foreign noteholders that are “non-resident enterprises,” we or the Subsidiary Guarantor will be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

We may elect to redeem the Notes prior to their maturity.

Pursuant to the terms of the Notes, we may elect to redeem the Notes prior to their maturity in accordance with the terms specified in the section entitled “Description of the Notes -Optional Redemption.” The date on which we elect to redeem the Notes may not accord with the preference of particular holders of the Notes. In addition, a holder of the Notes may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes. It may therefore cause a negative financial impact on the holders of the Notes.

We may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC “resident enterprise”.

In the event we or any of the Subsidiary Guarantors (as the case may be) are treated as a PRC “resident enterprise” under the EIT Law, we may be required to withhold PRC tax on interest payable to certain of our non-resident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under “*Description of the Notes—Redemption for Taxation Reasons*,” in the event we are required to pay additional amounts as a result of certain changes in specified tax law or certain other circumstances, including any change in interpretation or statement of the official position that results in our being required to withhold tax on interest payments as a result of our or the Subsidiary Guarantor (as the case may be) being treated as a PRC “resident enterprise,” we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the Notes are familiar.

Because we are incorporated, and the JV Subsidiary Guarantors (if any) may be incorporated, under the laws of the Cayman Islands, an insolvency proceeding relating to us or any such Subsidiary Guarantor or JV Subsidiary Guarantor, even if brought in the United States, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our other Subsidiary Guarantors and JV Subsidiary Guarantors (if any) are incorporated or may be incorporated in the British Virgin Islands or Hong Kong and the insolvency laws of the British Virgin Islands and Hong Kong may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our 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 the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

There may be less publicly available information about us than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information incorporated by reference to the exchange information memorandum has been prepared in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this exchange information memorandum. In making a decision about participating in the exchange offer, you must rely upon your own examination of us, the terms of the exchange offer and our financial information published on the HKEXnews website. You should consult your own professional advisers for an understanding of the differences between IFRS and other GAAPs and how those differences might affect our financial information incorporated by reference to the exchange information memorandum and on the HKEXnews website.

We may be unable to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the Notes depends solely upon the ability of our PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to us and, if applicable, to repay shareholder loans. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they 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 we make to our PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax 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 us dividends or interest and principal on shareholder loans, which may affect our ability to satisfy our obligations under the Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements and the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture or our 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 us, 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 our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred 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 our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries and minority owned joint ventures.

In light of land prices, sizes of projects and other factors, we may from, time to time, consider developing property developments jointly with other PRC property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Indenture restricts us and our

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 we may, subject to certain conditions, make investments in any Unrestricted Subsidiaries and minority owned joint ventures primarily engaged in a permitted business up to an aggregate amount of up to 10.0% of our total assets. See “*Description of the Notes.*”

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

The Notes are a new issue of securities for which there is currently no trading market. In addition, the Notes are being issued pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the Notes could be adversely affected.

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

Our shares are listed on the HKSE and we are 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 the prior approval of the independent shareholders of such listed company. The definition of “connected person” to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of “connected person” also captures “associates,” which include, among others, (a) any subsidiary of such “connected person,” (b) any holding company of such “connected person” and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

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

The liquidity and price of the Notes following the issuance may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in the form of a Global Note and held through Euroclear and Clearstream. Interests in the Notes represented by the Global Note will trade in book entry form only, and notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Notes. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the Global Note representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Note representing the Notes will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Note representing the Notes and credited by such participants to indirect participants. After payment to the nominee of the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of Noteholder under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. Therefore, almost all of our revenue and income (as shown in our consolidated financial information incorporated by reference in this Information Memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. None of our future subsidiaries that are organized under the laws of PRC or their future PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. To the extent that our non-PRC subsidiaries that are prohibited by applicable laws or regulation from guaranteeing or having their shares pledged to secure the Notes (the “**Exempted Subsidiaries**”) or that are listed on a qualified exchange and their subsidiaries (the “**Listed Subsidiaries**”), they will not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the Notes, neither. In addition, certain of our offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of those offshore subsidiaries not giving any Subsidiary Guarantees for the Notes (other than the Exempted Subsidiaries and Listed Subsidiaries) do not exceed 15.0% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries. See the section entitled “*Description of the Notes—The Subsidiary Guarantees and JV Subsidiary Guarantees*” for a list of the Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so. See the section entitled “—*Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees—We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.*”

Under the terms of the Notes, a Subsidiary Guarantor may be able to release its Subsidiary Guarantee if it sells or issues no less than 20% of the capital stock of such Subsidiary Guarantor to a third party, as long as the consolidated assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of our total assets.

In addition, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes 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 or its direct or indirect majority shareholders (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 our proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company.

The Subsidiary Guarantees or JV Subsidiary Guarantees (if any) 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 saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis

set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) 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, or holds the Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) unenforceable for any other reason, holders of the Notes 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 us and any Subsidiary Guarantors or JV Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you 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 Notes.

The events of default provision under the Notes will carve out any cross-default events and final judgments and orders arising directly or indirectly from any defaults or events of default under the 12.5% Notes.

As the purpose of the Exchange Offer is to improve the Company's financial condition, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management, the events of default provision under the Notes carves out any cross-default events and final judgments and orders arising directly or indirectly from any defaults or events of default under the 12.5% Notes. Holders of the Notes may face more uncertainty and potentially higher credit risk in this regard if any default occurs with respect to the 12.5% Notes, because the 12.5% Notes and certain of our other indebtedness could become immediately due and payable upon such defaults, and we would have to settle or repay such indebtedness, but payment of the Notes would not be accelerated and holders of the Notes would continue to hold the Notes without recourse upon occurrence of such events. See "*Description of the Notes*" in "*Appendix – Information Memorandum Relating to the Notes.*"

Certain major terms of the Notes may be modified, amended or waived with the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, which may adversely affect the interest of the holders of such Notes and increase the credits risks of the Notes.

Typically certain major terms of an indenture may only be modified, amended or waived with the consent of all holders of the outstanding notes. However, as the purpose of the Exchange Offer is to improve the Company's financial condition, extend its debt maturity profile, strengthen its balance sheet and improve cash flow management, the indenture governing the Notes will allow modification, amendments or waivers of certain major terms to be made with the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, including but not limited to the waiver of payment defaults, the reduction of the principal amount of, or premium (if any) on or interest on, any Note, the release of any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the indenture governing the Notes. Such provisions would reduce the protection afforded to the holders of the Notes and potentially increase the credits risks of the Notes.

We are experiencing difficulty in maintaining and raising sufficient cash, including through financing activities, to meet our obligations as they come due and to continue funding our on-going business operations and investments.

The real property sector in China has experienced dramatic changes since mid-2021, and coupled with other factors, such as the recent outbreak of the COVID-19 epidemic in the regions where the Company operates, the deteriorating market conditions have affected consumer confidence and sentiment and further led to a significant slowdown in sales of residential property in China. As a result, our contracted sales for the first half of 2022 declined significantly compared with the corresponding period of last year, which further exacerbated the constraints of our liquidity. Under such circumstances, it has become increasingly difficult for many Chinese property developers to obtain external financing in both the domestic and offshore lending and capital markets. Privately owned Chinese property developers, including us, are having difficulties in gaining access to the offshore debt capital markets for financing and refinancing, and are therefore facing great uncertainties in respect of the abilities to perform the payment obligations under the offshore short-term and long-term debt that will fall due in the future. In light of such circumstances, we have taken various measures to maintain the stability of the operations. We reduced our liabilities and effectively de-leveraged during the six months ended June 30, 2022, making the size of our overall interest-bearing liabilities decreased as compared to that as at December 31, 2021.

We continue to examine various options to improve our liquidity and cash position. However, there can be no assurance that we will be able to continue generating sufficient cash through operations and financing activities to meet our obligations as they come due (including any 12.5% Notes not exchanged upon maturity even if the exchange offer is consummated), as well as to continue funding our significant operational cash flow needs and ongoing investments and other commitments. Before and even after consummation of the exchange offer, we will continue to face pressure with respect to our coupon and principal payments on our borrowings becoming due. Any such missed payments, or related breaches of the terms of our outstanding debt and other obligations, may constitute defaults or events of default under such obligations, and may trigger cross-defaults or cross-acceleration under our borrowings. Any such failure to make the required payments could have a material adverse effect on our business, results of operations and financial conditions, on the trading price of the Notes, and ultimately on our ability to repay our obligations under the Notes on a timely basis, or at all.

Even after consummation of the exchange offer, we may not be able to make payments due on any outstanding 12.5% Notes or any other outstanding indebtedness.

It is possible that not all of the 12.5% Notes will be tendered, in which case some principal amount of 12.5% Notes will continue to remain outstanding. In addition, we maintain a substantial level of other indebtedness. Although we are undertaking the exchange offer as part of our broader strategy to improve our overall financial condition, extend our debt maturity profile, strengthen our balance sheet and improve cash flow management, we cannot assure you that we will be successful in our strategy, or that we will have sufficient cash to pay the remaining principal payments as they come due under any outstanding 12.5% Notes. If we fail to make timely payment under any outstanding 12.5% Notes or any other outstanding indebtedness, that may in turn trigger cross-defaults or cross-acceleration under our other borrowings, and could have a material adverse effect on our business, results of operations and financial conditions, on the trading price of the Notes, and ultimately on our ability to repay our obligations under the Notes on a timely basis, or at all.

The Trustee may request that the holders of the Notes provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, the Trustee may (at its sole and absolute discretion) request the holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any actions and/or steps and/or institutes proceedings on behalf of holders of the Notes. The Trustee shall not be obliged to take any such actions and/or steps and/or institute proceedings if not indemnified and/or secured and/or pre-funded

to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Indenture (as subsequently supplemented and/or amended) governing the Notes and in such 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 Notes to take such actions and/or steps and/or institute proceedings directly.

The short term nature of the Notes may place increased pressure on our cash flow and funding needs

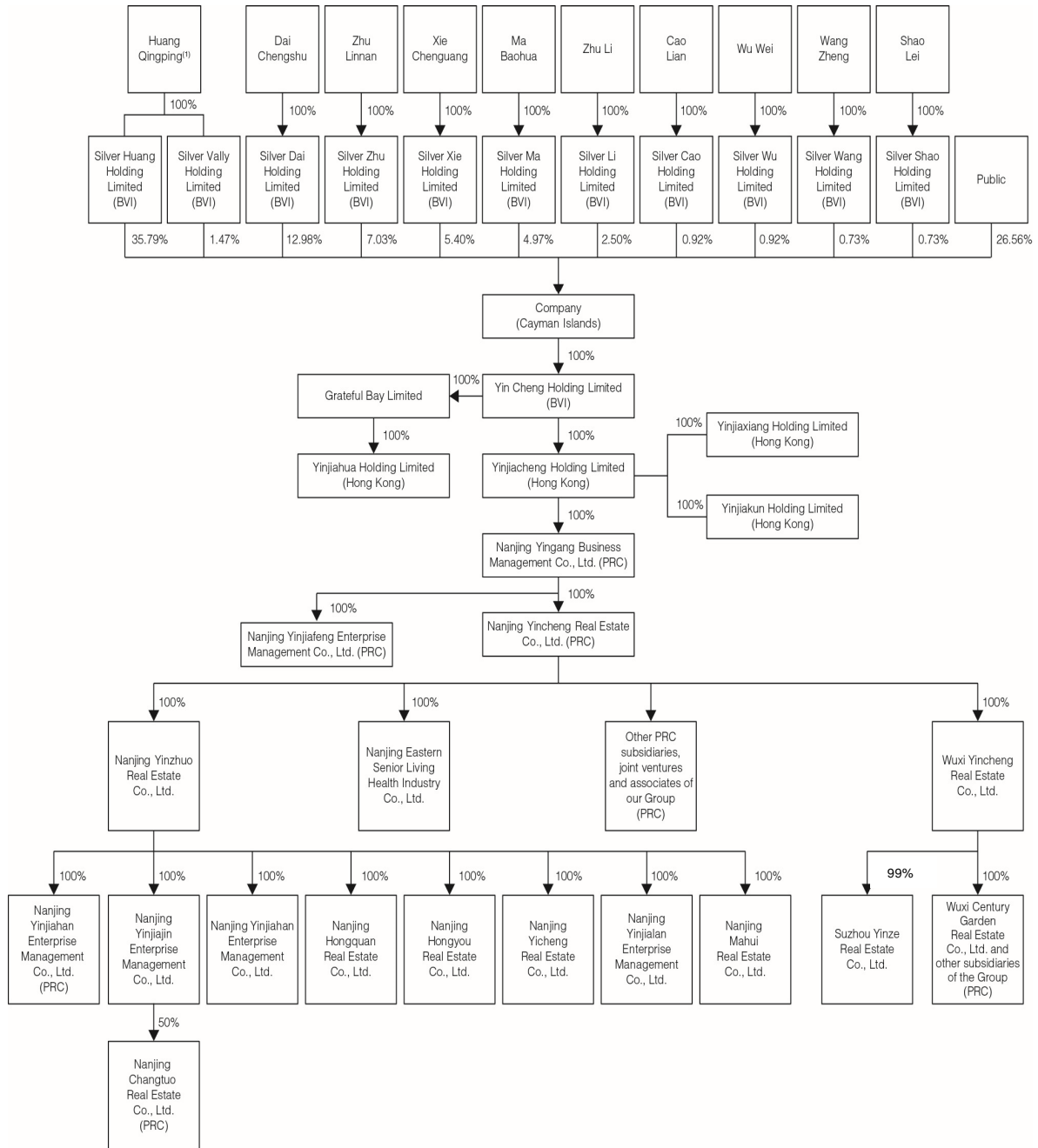
The Notes have a maturity date of less than one year. Our ability to repay the Notes and to meet our other debt service obligations depends on (a) our future operating and financial performance and ability to generate cash in the short term, which are affected by general economic, financial, competitive and other factors beyond our control, and/or (b) our ability to obtain further financing in order to repay the Notes.

Dedicating a substantial portion of our cash flow from operations to making payments on our debt, including the Notes, within a short period would limit the availability of funds for working capital, business opportunities and other general corporate purposes, increase our vulnerability to adverse general economic or industry conditions, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, and potentially increase our cost of borrowing. If we cannot generate sufficient cash to meet our debt service obligations or fund our other business needs, we may, among other things, need to refinance all or a portion of our debt, including the Notes, obtain additional financing or sell assets.

In addition, the availability of external financing with which to repay our debt financing, including the Notes, is subject to numerous factors, including general political, economic and capital market conditions (both internationally and within the PRC), interest rates, credit availability from banks and other major lenders and investor confidence in us and our business, some of which may be outside our control. In addition, we may need to source alternative forms of financing in order to repay the Notes, which could expose us to higher external financing costs and/or increased levels of foreign currency and other risks.

CORPORATE STRUCTURE

The following diagram briefly outlines our shareholding and simplified group structure as of the date of this Information Memorandum:



Notes:

1. The shares indirectly held by Huang Qingping through Silver Vally Holding Limited may be used for share incentive plan in future.

DESCRIPTION OF THE GROUP AND RECENT DEVELOPMENTS

We are an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. We commenced our property development operations in Nanjing and successfully expanded our footprint to other cities in the Yangtze River Delta Megalopolis, including Nanjing, Wuxi, Suzhou, Hangzhou, Xuzhou, Huai'an, Zhenjiang, Ma'anshan, Hefei, Taizhou and Wenzhou. We ranked 90th among the "Top 100 Real Estate Developer in China in 2020" in terms of comprehensive strength for the year ended 2019 according to the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院). We have also been recognised by the Jiangsu Real Estate Association as one of the top 50 enterprises in the property development industry of Jiangsu Province in terms of comprehensive strength consecutively for 19 years since 2002 and ranked the first on such list in 2019. During the year ended December 31, 2019, we were awarded the "Top 20 Growing Enterprises in China's Real Estate Industry in 2019". During the year ended December 31, 2020, we were awarded "2020 China Specialized Real Estate Company" (2020 中國特色地產運營優秀企業) and "2020 China TOP 100 Real Estate Developers" (2020 中國房地產百強企業), "2020 China TOP 100 Listed Real Estate Companies" (2020 中國上市房企百強企業) and "Specialised Chinese Real Estate Enterprise with Excellence in Operation in 2020" (2020 中國特色地產運營優秀企業). During the year ended December 31, 2021, we were awarded "2021 Top 100 Listed Real Estate Enterprise in China" (2021 中國上市房企百強), "2021 Outstanding Human Resources Management Award" (2021 人力資源管理傑出獎), "China's Innovative Real Estate Enterprises" (2021 年中國地產創新力企業), "2021 Top 10 Brand Value of China's Luxury Home Products ('Zhong series' of Yincheng)" (2021 年度中國奢適大宅產品系品牌價值 10 強 (銀城中系)), "2021 Value Listed Real Estate Companies" (2021 年度價值地產上市公司), "2021 China Listed Companies Brand Value List- Top 100 Real Estate Companies" (2021 中國上市公司品牌價值榜地產 Top100), "2021 China Top 10 Real Estate Brand Case of the Year - Yincheng Firefly Children's Paradise" (2021 中國十大地產年度品牌案例—銀夥蟲兒童樂園), "2021 China Listed Real Estate Enterprise Growth Potential Award" (2021 年中國上市房企成長潛力獎), "The 7th China Real Estate & Design Award (Interior Design Excellence Award -Jin Ling Jiu Yuan Art Center, Residential Project Excellence Award-Honor Mansion)" (第七屆地產設計大獎•中國 (室內設計優秀獎—金陵玖園藝術中心、居住項目優秀獎—雲台天境)), "2021 Good Brand Top 100-A Rewarded Brand in the Real Estate Industry" (2021 好品牌 100 地產行業獲獎品牌), "2021 Real Estate Enterprises List in terms of Excellent Product Power" (2021 年度房地產企業優秀產品力榜樣), "2021 Top 100 China Real Estate Enterprises in terms of Super Product Power" (2021 年中國房企超級產品力 TOP100) and "2021 Top 10 China Real Estate Enterprises in terms of Community Operation Power" (2021 中國房企社群運營力 TOP10).

We were primarily engaged in the development and sale of residential properties targeting middle to upper-middle income households. Whilst we will continue to focus our business on sales of properties, we plan to selectively own properties developed by us, such as elderly care homes and long-term rental apartments, for investment purpose in the near future in order to diversify our revenue model.

Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of management services; (iii) the hotel operations; and (iv) the leasing of investment properties owned and developed by us; and (v) exhibition operation. Our property development projects are mainly (i) owned and developed by us or (ii) developed by cooperating with third-party property developers through our joint ventures and associates (as defined under IFRS).

Leveraging the experience of Yincheng Real Estate, the former holding company of Nanjing Yincheng Real Estate Co., Ltd. (南京銀城房地產開發有限公司) and our sister company, which commenced property development operation in 1996, we have been engaged in property development in Nanjing since 2002 with a track record of more than 18 years. We have been specializing in developing property projects in Nanjing and other strategically selected cities in the Yangtze River Delta Megalopolis, which we believe possess high growth potential.

Leveraging the success we achieved in Nanjing, we have successfully expanded our footprint to its neighbouring cities, such as Wuxi since 2005, Suzhou and Zhenjiang since 2017, Hangzhou, Xuzhou, Ma'anshan and Hefei since 2018, Taizhou since 2019, Wenzhou since 2020 and Huai'an since 2021. During the year ended December 31, 2021, our Group has acquired high-quality land parcels which are mainly located in the core cities of the Yangtze River Delta Megalopolis such as Nanjing, Wuxi and Hangzhou, marking its further development in the five regional markets and commitment to its existing strategies. The flourishing economic environment together with the population growth and increasing labor mobility contributes to a considerable housing demand in Yangtze River Delta Megalopolis. We believe that the Yangtze River Delta Megalopolis will continue to enjoy economic growth and will strengthen its position as one of the most rapidly growing region in the PRC.

We offer a wide range of residential properties, including high-rise apartments, multistorey apartments and low-density houses. To develop quality properties for customers of all ages, we introduced five series of residential properties, each targeting a different segment of our customers: our “Yi series (頤系列)” residence are developed for our elderly customers’ enjoyment of a relaxing and healthy lifestyle, our “Shang series (尚系列)” residence are developed for the pleasure of our younger customers, our “Zhi series (致系列)” residence are developed for middle income households who focus on functionality and convenience, our “Zhong series (中系列)” residence are developed for home upgraders who appreciate comfort and quality and our “He series (和系列)” residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle. The residential properties developed by us include multi-functional ancillary facilities, such as retail shops, schools, clubhouses, gym rooms, car parking spaces, hospital and community centres, which aim to provide a high quality and convenient living environment that caters for the lifestyle and daily needs of our customers’ community. For example, we are collaborating with Tencent to develop the smart home system for “Kinma Q+ Community,” a property project that targets the youth community by offering commercial apartments integrated with intelligent home technology, a common entertainment centre comprising facilities such as library, bars, café, eSports arena, and other commercial spaces. “Peaceful Paradise” is another property project under development where we plan to set up a retirement community for the aged, comprising residential areas with ancillary facilities, such as elderly care homes and a hospital. We will also establish a “centre for all ages (全齡會館區域)” equipped with various facilities, such as gym rooms, classrooms, health care centres, restaurants and book corners in our “Honor Mansion,” “Dream Mansion” and “Blue Stream Town” to address the needs of our customers of all ages.

We acquired land mainly through (i) participation in the public tender, auction and listing-for-sale process organized by the relevant government authorities; and (ii) acquisition of equity interests from third parties in those companies which own the land use rights.

We have established a standardised development process that we apply across our entire business operations, which covers the full spectrum of the property development cycle from site selection, feasibility study, land acquisition, project planning and design, construction, procurement and quality control to sales and marketing, delivery and after-sale services. With these standardised operating procedures, we are able to effectively manage our projects, efficiently oversee the progress of development and ensure the standard of quality is applied consistently in each of our development projects, which optimised our investment returns.

Adhering to our core development strategy of “leading quality, excellent services and energy conservation (“品質領先、服務卓越、綠色節能”) with an aim to develop quality properties with healthy, comfortable, smart and convenient living environment for customers of all ages (“全齡宜居、健康舒適、智慧便捷”), not only do we adopt stringent quality control procedures to ensure that our properties and services are in compliance with the relevant PRC laws and regulations relating to quality and safety, but also a property design philosophy that introduces customer-oriented designs which best suit their needs, so that our properties can bring convenience and value-added experience to our customers. In addition, we are committed to adopting environmentally friendly construction materials and designs which help minimise the hazards caused to the environment and optimise energy efficiency. Our abundant land bank, our quality property offering, our strong property development capabilities together with our well-established brand recognition also contributed to our rapid expansion and financial success. Based on the above features, we believe that our quality property development projects are or will be well received in locations in which we operate or plan to expand.

We were incorporated in the Cayman Islands on January 8, 2018, as an exempted company with limited liability. Our shares have been listed on the HKSE since March 6, 2019. Our principal place of business in the PRC is at Part of 19–21 Floors, Block A Yincheng Plaza, 289 Jiangdongbeilu, Nanjing, People’s Republic of China. Our principal place of business in Hong Kong is at Room 4502, 45/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. Our registered office is located at Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. Our website is <http://www.yincheng.hk>. Information contained on our website does not constitute part of this Information Memorandum. Our announcements (including copies of our annual and interim financial statements) may be obtained without charge from the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>). This Information Memorandum should also be read and construed in conjunction with our Latest Audited Annual Financial Statements which are deemed to be incorporated by reference into this Information Memorandum. Our Latest Audited Annual Financial Statements may be obtained without charge on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>).

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Yincheng International Holding Co., Ltd. (銀城國際控股有限公司), a company incorporated with limited liability under the laws of the Cayman Islands, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company which Guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor” and each such Guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined herein) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “**Indenture**”) to be dated on or about the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as trustee (the “**Trustee**”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior written request during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) and proof of holding and identity to the satisfaction of the Trustee, during usual business hours on or after the Original Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- . general obligations of the Company;
- . senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- . at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- . guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under “—The Subsidiary Guarantees and JV Subsidiary Guarantees” and in “*Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees*” of this Information Memorandum;
- . effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- . effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The tenor of the Notes is 364 days. Assuming the Original Issue Date is September 13, 2022, the Notes will mature on September 12, 2023 (the “**Maturity Date**”), unless earlier redeemed pursuant to the terms thereof and the Indenture. If the deadline of the exchange offer is extended, the Maturity Date, the Interest Payment Date and the Record Date (as defined below) shall be adjusted accordingly.

The Indenture allows additional notes to be issued from time to time (the “**Additional Notes**”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will bear interest at 12.5% per annum from the Original Issue Date, payable in arrear on September 12, 2023 (the “**Interest Payment Date**”). Interest on the Notes will be paid to the Holders of record at the close of business on August 28, 2023 (the “**Record Date**”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months each and, in the case of an incomplete month, the number of days elapsed, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes 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 December 25 and January 1.

Except as described under “—Optional Redemption” and “—Redemption for Taxation Reasons” and as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no additional interest on the Notes shall accrue for the period after such date if payment is made on such next succeeding Business Day.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1 in excess thereof. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company, the Transfer Agent or the Registrar may require indemnity or payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made by wire transfer in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by check mailed at the expense of the Company to the address of the Holders as such address appears in the Register maintained by the Registrar or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Subsidiary Guarantees and JV Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Yinjiacheng Holding Limited (銀嘉城控股有限公司), Yinjiahua Holding Limited (銀嘉華控股有限公司), Yinjiaxiang Holding Limited (銀嘉祥控股有限公司), Yinjiakun Holding Limited (銀嘉坤控股有限公司) and Yin Cheng Holding Limited (collectively, the “**Initial Subsidiary Guarantors**”), being all of the Company’s Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC (the “**PRC Non-Guarantor Subsidiaries**”) and Grateful Bay Limited. All of the Subsidiary Guarantors are holding companies that do not have significant operations.

None of the PRC Non-Guarantor Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future. In addition, none of the existing or future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or a Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries (as defined herein) may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or

reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries and Listed Subsidiaries), as soon as practicable and in any event within 30 days after such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor.

Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary (and its Restricted Subsidiaries) organized outside the PRC not provide a Subsidiary Guarantee or JV Subsidiary Guarantee at the time such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary (each such Person and Grateful Bay Limited, an “**Offshore Non-Guarantor Subsidiary**”, and, together with the PRC Non-Guarantor Subsidiaries, the “**Non-Guarantor Subsidiaries**”), provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors do not account for more than 15.0% of the Total Assets of the Company.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become Offshore Non-Guarantor Subsidiaries (such that they will no longer guarantee the Notes), provided that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including such Offshore Non-Guarantor Subsidiaries but excluding Exempted Subsidiaries and Listed Subsidiaries) do not account for more than 15.0% of the Total Assets of the Company. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than through a JV Subsidiary Guarantee is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.”

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date, (ii) that is organized in any jurisdiction other than the PRC and (iii) in respect of which the Company or any Restricted Subsidiary (x) is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the total outstanding Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase an Independent Third Party such that it becomes a Subsidiary of the Company and designate such entity as a Restricted Subsidiary, the Company may, concurrently with or as soon as practicable after the consummation of such sale or purchase, cause the provision of a JV Subsidiary Guarantee instead of a Subsidiary Guarantee by (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than any Exempted Subsidiaries or Listed Subsidiaries), if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any such Restricted Subsidiary from providing such JV Subsidiary Guarantee or (b) requiring the

Company or any Restricted Subsidiary to deliver or keep in place a guarantee by any such Restricted Subsidiary on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary (each, a “**JV Subsidiary Guarantee**”), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and 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;
 - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) an Opinion of Counsel from a law firm of recognized international standing confirming that, under New York law, each such JV Subsidiary Guarantee is the valid and binding obligation of the applicable JV Subsidiary Guarantor, enforceable against the applicable JV Subsidiary Guarantor in accordance with its terms (subject to customary qualifications and assumptions).

The Subsidiary Guarantee of each Subsidiary Guarantor is:

- a general obligation of such Subsidiary Guarantor;
- senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- effectively subordinated to all existing and future secured obligations (if any) of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor will be:

- a general obligation of such JV Subsidiary Guarantor;
- enforceable only up to the JV Entitlement Amount;
- limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee;
- limited to the JV Entitlement Amount, and will rank at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to secured obligations (if any) of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under the Notes and the Indenture; provided that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors

and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their respective rights to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid or restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be Guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

No assurance can be given that the preceding provision limiting the maximum amount of each Subsidiary Guarantee or JV Subsidiary Guarantee will be given effect. If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its respective Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "*Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — The Subsidiary Guarantees or JV Subsidiary Guarantee (if any) may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees*" of this Information Memorandum.

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "*—Defeasance—Defeasance and Discharge;*"
- in the case of a Subsidiary Guarantee, upon the replacement of such Subsidiary Guarantee with a JV Subsidiary Guarantee;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, merger, consolidation, transfer or other disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the

covenants described under “—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “—Certain Covenants—Limitation on Asset Sales” and “—Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, merger, consolidation, transfer or other disposition are used for the purposes permitted or required by the Indenture; or

· in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes a new Offshore Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers’ Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, provided that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (a) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or any Restricted Subsidiary from providing such JV Subsidiary Guarantee, or (c) requiring the Company or any Restricted Subsidiary to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the recipients of the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary (if any) of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and 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;
 - (ii) an Officers’ Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) an Opinion of Counsel from a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is the legal, valid and binding obligations of the applicable JV Subsidiary Guarantor, enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee in accordance with its terms (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor will need to comply with the other covenants set forth in the Indenture, including, without limitation, the “Limitation on Asset Sales,” “Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries” and “Limitation on Restricted Payments” covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “Limitation on Asset Sales” covenant.

As of the date of the Indenture, all of the Company’s Subsidiaries will be Restricted Subsidiaries. However, under the circumstances described below under “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company’s Unrestricted Subsidiaries will not Guarantee the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees (if any)) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “**Further Issue**”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided *that* the issuance of any such Additional Notes shall then be permitted under the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock ”below.

Optional Redemption

At any time prior to the Maturity Date, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for verifying or calculating the Applicable Premium.

At any time and from time to time prior to the Maturity Date, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 112.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (including the aggregate principal amount of any Additional Notes on the date on which such Additional Notes were issued) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee.

Selection and Notice

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes will be selected for redemption as follows:

- (1) if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed and/or if the Notes are being held through the clearing systems, in compliance with the applicable requirements of such clearing systems;
or

- (2) if the Notes are not listed on any recognized securities exchange and/or held through any clearing system, on a pro rata basis or by lot, or such other method as the Trustee in its sole and absolute discretion shall deem fair and appropriate, unless otherwise required by law.

A Note of US\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Company will make an Offer to Purchase all outstanding Notes (a “**Change of Control Offer**”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (as defined herein).

The Company has agreed in the Indenture that upon a Change of Control it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes will also constitute an event of default under certain other debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company’s, the Subsidiary Guarantors’ and the JV Subsidiary Guarantors’ then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “*Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees — We may not be able to repurchase the Notes upon a Change of Control*” of this Information Memorandum.

The phrase “all or substantially all,” as used with respect to the assets of the Company in the definition of “Change of Control,” will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Change of Control has occurred or may occur, and shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company. The Trustee and Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee and Agents shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee and Agents shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) on and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under “—Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Taxing Jurisdiction”), or any jurisdiction through which payments are made (or any political subdivision or taxing authority thereof or therein) by or on behalf of the Company, a Surviving Person, or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor (together with each Relevant Taxing Jurisdiction, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
 - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction (other than merely acquiring or holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV 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;
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder to provide information concerning such Holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced

or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner;

- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
 - (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (“**FATCA**”), any current or future Treasury regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted or issued in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any agreement with the U.S. Internal Revenue Service under FATCA; or
 - (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c), and (d); or
- (2) 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, 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 Amounts had that beneficiary, settlor, member or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all Holders.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable), the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company or the Surviving Person, as the case may be, for redemption if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or, in the case of an official position, is announced (i) with respect to the Company or any Initial Subsidiary Guarantor or JV Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such

requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver or procure to deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, addressed to the Trustee stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of an official position referred to in the prior paragraph.

The Trustee may accept and shall be entitled to rely conclusively on such Officers' Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above without further verification, in which event it shall be conclusive and binding on the Holders. The Trustee will not be liable or responsible for any loss occasioned by acting in reliance on such certificate and opinion, and is not obligated to verify any information in any certificate or opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, provided that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0.

Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary other than a Subsidiary Guarantor to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, so long as it is so held).
- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("**Permitted Indebtedness**"):
 - (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any *Pari Passu* Guarantees;
 - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below (together with refinancings thereof); provided that such Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantee and JV Subsidiary Guarantee) shall be included in the calculation of Permitted Subsidiary Indebtedness;

- (d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company 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 Company 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 Company is the obligor on such Indebtedness and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and none of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly be 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**”) of the Company or any Restricted Subsidiary 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 (i) substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness, or (ii) in the case of any Project Debt existing on the Original Issue Date, by a new Project Debt Incurred within 180 days after the repayment, redemption or discharge of such existing Project Debt) Incurred under the immediately preceding paragraph (1) or clause (a), (c), (h), (n), (o), (p), (q), (r), (t), (u), (w), (x) or (y) 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 Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes 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 Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes 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 Notes 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 Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Non-Guarantor Subsidiary, and (iv) in no event may Indebtedness of the Company 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 Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in interest rates, currencies or the price of commodities;
- (g) Pre-Registration Mortgage Guarantees Incurred by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company 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 Company or a Restricted Subsidiary in a Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, 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 Company or such Restricted Subsidiary in a Permitted Business; (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 assets, 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) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 principal amount of all outstanding Indebtedness and Preferred Stock permitted and then outstanding under clauses (o), (p), (q), (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), does not exceed an amount equal to 30.0% of Total Assets;

- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company 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 Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received 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) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary or the Company that was permitted to be Incurred under another provision of this covenant, to the extent permitted under the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" below;
- (n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year or less used by the Company or any Restricted Subsidiary for working capital; provided that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding (together with refinancings thereof) does not exceed US\$35.0 million (or the Dollar Equivalent thereof);
- (o) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary, provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (o) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clause (h) above and clauses (p), (q), (t), (u), (w), (x) and (y) below (including, in each case,

all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets;

- (p) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; *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) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred or Preferred Stock issued pursuant to clauses (h) and (o) above and clauses (q), (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets;
- (q) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties and Guarantees thereof by the Company or any 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 outstanding of all such Indebtedness Incurred pursuant to this clause (q) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred or Preferred Stock issued pursuant to clauses (h), (o) and (p) above and clauses (t), (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets;
- (r) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$25.0 million (or the Dollar Equivalent thereof);
- (s) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary becomes obligated to pay such purchase price under such Staged Acquisition Agreement;
- (t) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary, *provided* that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (t) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p) and (q) above and clauses (u), (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets;
- (u) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person

becoming a Restricted Subsidiary or any such acquisition); provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (u) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q) and (t) above and clauses (w), (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets;

- (v) Indebtedness constituting a Subordinated Shareholder Loan;
 - (w) Indebtedness incurred by the Company or any Restricted Subsidiary under Credit Facilities; provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (w) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q), (t) and (u) and clauses (x) and (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets;
 - (x) PRC Relevant Indebtedness Incurred by any PRC Restricted Subsidiary; provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (x) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q), (t), (u) and (w) above and clause (y) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets; and
 - (y) Indebtedness of the Company or any Restricted Subsidiary in respect of Non-recourse Receivable Financing; provided that on the date of Incurrence of such Indebtedness and after giving effect thereto, the sum of, (1) the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (y) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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), plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued under clauses (h), (o), (p), (q), (t), (u), (w) and (x) above (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, 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 30.0% of Total Assets.
- (3) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness or Preferred Stock meets the criteria of more than one of the types of Indebtedness or Preferred Stock described above, including under the proviso in clause (1) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock in one or more types of Indebtedness or Preferred Stock described above.

- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness or Preferred Stock due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company 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 Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company 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 Company held by any Persons other than the Company or any Restricted Subsidiary other than the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement permitted to be entered into under the Indenture;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of any Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company 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 Company could not Incur at least US\$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under “—Limitation on Indebtedness and Preferred Stock;” or
- (c) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date, and (2) payments made by the Company and the Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date, but excluding all other Restricted Payments permitted by the next succeeding paragraph, shall exceed the sum of (without duplication):
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2019 and ending on the last day of the Company’s most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case 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 Company; plus

- (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus
- (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 or other transfers of property, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company 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 Company 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 Company 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 Company 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 Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (5) the declaration and 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 favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, of which the Company is, directly or indirectly through Restricted Subsidiaries, the single largest shareholder;
- (6) 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;
- (7) a Permitted Investment under clause (1) of the definition thereof in the Capital Stock of a Restricted Subsidiary held by a minority shareholder which Investment increases the proportion of Capital Stock of such Restricted Subsidiary held (directly or indirectly) by the Company;

- (8) 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 (8) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this “Limitations on Restricted Payments” covenant;
- (9) the redemption, repurchase or other acquisition of, or declaration and payment of dividends on, the Common Stock of the Company by the Company prior to the Original Issue Date;
- (10) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under paragraph (2)(p) of the “Limitation on Indebtedness and Preferred Stock” covenant;
- (11) cash payment in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this “—Limitation on Restricted Payments” covenant (as determined in good faith by the Board of Directors of the Company);
- (12) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/ among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, provided that (x) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officers’ Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock; provided further that the aggregate principal amount paid by the Company or its Restricted Subsidiaries for any purchase made pursuant to this clause (12) does not exceed an amount equal to 10% of Total Assets;
- (13) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); provided that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US\$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);
- (14) the payment of any dividend or distribution payable or paid solely in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock; or
- (15) distributions or payments of Securitization Fees in connection with Receivable Financings permitted under the Indenture,

provided that, in the case of clause (2), (3), (4) or (5) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (1) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this “Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant 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 (other than any Restricted Payment set forth in clauses (5) through (15) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payment set forth in clauses (5) through (15) above), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "—Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purposes of determining compliance with this covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this covenant and paragraph (19) of the definition of "Permitted Investment" at any time, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Investment in either or both of such paragraphs.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company 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 Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, or under any Pari Passu Guarantee, and any extensions, refinancings, amendment, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, 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 Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in

contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, amendment, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, renewed or replaced;

- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant 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 Company or any Restricted Subsidiary not otherwise prohibited by the Indenture 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 Company or any Restricted Subsidiary in any manner material to the Company 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, transfer or other disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “—Limitation on Indebtedness and Preferred Stock” and “—Limitation on Asset Sales” and “—Consolidation, Merger and Sale of Assets” covenants;
- (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) or permitted under clause (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u), (2)(w), (2)(x) or (2)(y) of the “Limitation on Indebtedness and Preferred Stock” covenant 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 Company to make required payment on the Notes and any extensions, refinancings, amendment, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, renewed or replaced;
- (g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (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 Company to make the required payments on the Notes or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or
- (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 Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its Subsidiaries or the property or assets of such Unrestricted Subsidiary or its Subsidiaries, and any extensions, refinancing, amendment, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, amendment, 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, amended, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company 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 favorable to the Company 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 Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and provided that the Company complies with the "—Limitation on Asset Sales" covenant; 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 Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "—Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1)(a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (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 Company 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 Notes have been paid in full or (2) such Guarantee is permitted by clauses (2)(c), (2)(d) or (2)(o) (in the case of clause (2)(o), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of cash deposits, one or more bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee) any Bank Deposit Secured Indebtedness) of the covenant described under "—Limitation on Indebtedness and Preferred Stock."

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, 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 Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee and such JV Subsidiary Guarantor shall become a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “**Affiliate Transaction**”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company 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 covenant 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 addressed to the Trustee as to the fairness to the Company 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 recognized international standing.

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

- (1) the payment of reasonable and customary regular fees and other reasonable and customary compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company 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 the covenant described under “—Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme;
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any Restricted Subsidiary with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;
- (7) any sale of real property by the Company 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 Company and its Subsidiaries with respect to such property; provided that (x) revenues from all such sales under this clause (7) in any fiscal year shall not exceed 1% of the revenues for that year as shown in the consolidated financial statements of the Company for that period in accordance with GAAP, (y) any such discount shall not be in excess of 10% of the Fair Market Value of the relevant property and (z) any such sale, individually or in the aggregate (if required to be aggregated under the Listing Rules of The Stock Exchange of Hong Kong Limited), would not require the Company to obtain

approval from its shareholders (or seek a waiver from complying with such requirement) in order to comply with the listing rules of The Stock Exchange of Hong Kong Limited; and

- (8) any transaction between (A) the Company or any Restricted Subsidiary and (B) any Affiliate of the Company which is carried out in the ordinary course of business and which is or is relating to a Permitted Business, so long as the transaction is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (19) of the definition of “Permitted Investment” but otherwise excluding any other Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this Information Memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction between or among (A) any of the Company or a 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 Company or any Restricted Subsidiary on the one hand and any Minority Joint Venture or an Unrestricted Subsidiary on the other hand; 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 shareholders or partners (other than the Company or a Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be, is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be).

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably with the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

Limitation on Sale and Leaseback Transactions

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

- (1) the Company or any Restricted Subsidiary, as the case may be, could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under “—Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described under “—Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or any Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described under “—Limitation on Asset Sales.”

Limitation on Asset Sales

The Company 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 Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; provided that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company 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 permanently reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire 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 exceed US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US\$1. The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (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 Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis based on the principal

amount of Notes 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.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant described under “—Limitation on Restricted Payments.”

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 Company nor any Restricted Subsidiary provides credit support (other than any credit support in compliance with clause (6) of this paragraph) for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “—Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under “—Limitation on Liens;”(5) 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 (6) 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 the covenant described under “—Limitation on Restricted Payments.”

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 the covenant described under “—Limitation on Indebtedness and Preferred Stock;”(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 the covenant described under “—Limitation on Liens;”(4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is a Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or, if it is permitted to do so under the Indenture, a JV Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted 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 Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company 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 Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will deliver to the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 14 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's ordinary shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; provided that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will deliver to the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally—recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 90 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally—recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements, on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters 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 Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; provided, that, the Company shall not be required to provide such auditor 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 (i) within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, and (ii) within 14 days of any request therefor from the Trustee, an Officers' Certificate setting forth the details of the Default or, as the case may be, the Event of Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "—Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under "—Repurchase of Notes upon a Change of Control" or "—Certain Covenants— Limitation on Asset Sales;"
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding or by the Trustee at the written direction of such Holders;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$15.0 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; provided, however, that such Indebtedness shall not include (x) any of the 12.5% senior notes due 2022 issued by the Company on September 21, 2021 (XS2386944859, the "**12.5% Notes**"), and (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under any of the 12.5% Notes;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect, provided, however, that such final judgments or orders for the payment of money shall not include any which is in relation to (x) any of the 12.5% Notes, and (y) any Indebtedness with respect to which any final judgments or orders for the payment of money occurs as a result of any default or event of default under any of the 12.5% Notes;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Restricted Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or

taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Restricted Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Restricted Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); or

- (9) 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 Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may, and the Trustee at the written request of such Holders shall (subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction by the Holders), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may, and shall, upon written request of Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to receiving indemnity and/or security and/or prefunding satisfactory to it) pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security and/or prefunding is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders provide the Trustee indemnity and/or security and/or prefunding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the indemnity and/or security and/or prefunding satisfactory to the Trustee; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the written request.

However, and subject to any amendment or waiver obtained as described under the caption “—Amendments and Waivers,” such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company’s and its Restricted Subsidiaries’ performance under the Indenture and that the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) have each fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to promptly notify the Trustee in writing of any Default or Event of Default in the performance of any covenants or agreements under the Indenture. See “—Certain Covenants—Provision of Financial Statements and Reports.” Unless such written notice is received by the Trustee, the Trustee will not be deemed to have any knowledge of any Default or any Event of Default.

The Trustee and the Agents need not do anything to ascertain whether any Default or Event of Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Agents may assume that no such event has occurred and that the Company is performing all its obligations under the Indenture and the Notes unless the Trustee has received written notice of the occurrence of such event or facts establishing that the Company is not performing all of its obligations under the Indenture and the Notes. The Trustee is entitled to accept and conclusively rely on any Opinion of Counsel or Officers’ Certificate regarding whether a Default or an Event of Default has occurred.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries’ properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the “**Surviving Person**”) shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which payment is made, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock;”
- (5) the Company delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this covenant and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under “—Consolidation, Merger and Sale of Assets,” shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture.

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 Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (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 Company, 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 Company or a Subsidiary Guarantor) and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, 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 Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in clause (1) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”; and
- (5) the Company delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “—Certain Covenants—Limitation on Asset Sales” covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under “—The Subsidiary Guarantees and JV Subsidiary Guarantees—Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under New York law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a merger or consolidation of any Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or by a JV Subsidiary Guarantor with or into the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor, or a sale, transfer, conveyance or lease of any properties and assets by any Subsidiary Guarantor to the Company or any other Subsidiary Guarantor or by a JV Subsidiary Guarantor to the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or, in the case of a consolidation, merger, sale, transfer, consolidation, conveyance or lease or other disposition of a JV Subsidiary Guarantor into another JV Subsidiary Guarantor, such first mentioned JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, any Subsidiary Guarantee, any JV Subsidiary Guarantee or the Notes unless such consideration is offered to be paid or is paid to all Holders 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.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Subsidiary Guarantees in connection with an exchange or tender offer, the Company and the any of its Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, and (ii) Holders or beneficial owners of the Notes that are located in the U.S. or are “U.S. Persons” as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest, premium (if any) and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium (if any) on and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee

an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium (if any) on and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

- (2) the Company has delivered to the Trustee an Opinion of Counsel from a firm of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4) and (5)(x) under the first paragraph, and clauses (3), (4) and (5)(x) under the second paragraph under “—Consolidation, Merger and Sale of Assets” and all the covenants described herein under “—Certain Covenants,” other than as described under “—Certain Covenants—Government Approvals and Licenses; Compliance with Law “ and “—Certain Covenants—Anti-Layering,” and (ii) clause (3) under “Events of Default” with respect to clauses (3), (4) and (5)(x) under the first paragraph, and clauses (3), (4) and (5)(x) under the second paragraph under “Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause (i) above, clause (4) under “Events of Default” with respect to such other covenants in clause (i) above and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest, premium (if any) and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium (if any) on and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will remain liable for such payments.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes; provided that such actions do not adversely affect the interests of the Holders;

- (2) provide for the assumption of the Company's or any Subsidiary Guarantor or JV Subsidiary Guarantor's obligations pursuant to or otherwise comply with the provisions described under "—Consolidation, Merger and Sale of Assets;"
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) add collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any other applicable clearing system;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may amend or waive future compliance by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision thereof; provided, however, that no such amendment or waiver may, without the consent of Holders holding no less than 75% of the aggregate principal amount of the outstanding Notes at the time of such consent:

- (1) change the Stated Maturity of the principal of, or any instalment of interest on, any Note;
- (2) reduce the principal amount of, or premium (if any) on or interest on, any Note;
- (3) change the currency of payment of principal of, or premium (if any) on or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium (if any) on or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase

with the Excess Proceeds or other proceeds from any Asset Sale, whether through an amendment or waiver of provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control or the event giving rise to the repurchase of the Notes under “—Certain Covenants—Limitations on Asset Sale:”

- (11) change the redemption date or the redemption price of the Notes from that stated under “—Optional Redemption” or “—Redemption for Taxation Reasons;”
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium (if any) on or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Concerning the Trustee and the Agents

China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) has been appointed as Trustee under the Indenture, as registrar (the “**Registrar**”), as transfer agent (the “**Transfer Agent**”) and as paying agent (the “**Paying Agent**”) and, together with the Registrar and Transfer Agent, the “**Agents**”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes as a prudent person would exercise under the circumstances of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates and can profit therefrom without being obligated to account for such profits; the Trustee may have interest in or may be providing or may in the future provide financial or other services; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless the requisite number of Holders have provided to the Trustee written directions to do so and indemnity and/or security and/or prefunding satisfactory to it against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Trustee and the Agents, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection

with the Indenture and the offering of the Notes and has not relied on and will not at any time rely on the Trustee and the Agents in respect of such risks.

None of the Trustee or any of the Agents shall be responsible for the performance by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and any other person appointed by the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) in relation to the Notes, of the duties and obligations on their part expressed in respect of the same and, unless it has express notice in writing to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

None of the Trustee or any Agent shall be liable to any Holders, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction, request or resolution of the Holders. The Trustee shall be entitled to rely conclusively (without liability) on any instruction, direction, request or resolution given by Holders of the requisite principal amount of Notes then outstanding.

Each Holder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), and the Trustee shall not at any time have any responsibility for the same and no Holder shall rely conclusively on the Trustee in respect thereof.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached (each a “**Global Note**”). On the Original Issue Date, the Global Note will be deposited with a common depository and registered in the name of the common depository (or its nominee) for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the “**book-entry interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “—Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents (including the Agents) will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium (if any), interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream, which will distribute such payments to

participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “—Additional Amounts.”

Under the terms of the Indenture, the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors, the Agents and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) has or will have any responsibility or liability for:

- . any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- . any action or failure to take any action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the Paying Agent will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under “Distribution Restrictions” of this Information Memorandum. Any book-entry interest in a Global Note that is

transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in immediately available funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including Agents) will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed within 90 days (2) either Euroclear or Clearstream, or a successor 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 to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “—Events of Default” and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depository or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the Paying Agent for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Trustee or the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar and the Trustee, through the relevant clearing

system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails or by email (if intended for the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor at the principal office of the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor or emailed to the email address at Project-Focus@ycdc.com or such other email addresses as the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor may advise the Trustee in writing from time to time; (if intended for the Trustee) at the corporate trust office of the Trustee or by email to the email address at cta_tm@asia.ccb.com; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be, and no separate notices to the Holders are required under the above paragraph. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited, or if by email, when so sent, provided that no delivery failure notification is received by the sender within two hours of sending the email. However, notwithstanding the foregoing, any notice to the Trustee will be effective only upon receipt, provided that any notice sent by email shall be deemed as received if no delivery failure notification is received by the sender within 24 hours of sending the email.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, the City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"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.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“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, whether now or in the future when the determination is made; (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.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 100% of the principal amount of such Note on the Maturity Date, plus (y) all required remaining scheduled interest payments due on such Note through the Maturity Date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“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 Company or any Restricted Subsidiary to any Person; provided that “Asset Sale” shall not include:

- (1) sales, transfers or other dispositions of inventory, receivables and other current assets (including, but not limited to, 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 the “—Certain Covenants— Limitation on Restricted Payments” covenant;

- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting of any Lien not prohibited by “—Certain Covenants—Limitation on Liens;”
- (6) a transaction covered by the covenant described under “—Consolidation, Merger and Sale of Assets;”
- (7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary; and
- (8) any disposition of Receivable Financing Assets in connection with any Receivable Financing (other than Non-recourse Receivable Financing) permitted under the Indenture, and (ii) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding.

“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.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) Guaranteed by a Guarantee, letter of credit or similar instruments from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to effect exchange currency or remit money onshore or offshore.

“Board of Directors” means the board of directors of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

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

“Change of Control” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any “person”(within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;
- (2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (3) the Permitted Holders are the beneficial owners of less than 30.0% of the total voting power of the Voting Stock of the Company;
- (4) any “person” or “group”(as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner”(as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (5) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election to the board of directors was approved by a vote of at least a majority of the directors then still in office who were either directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or
- (6) the adoption of a plan relating to the liquidation or dissolution of the Company. “Clearstream” means Clearstream Banking S.A.

“Commodity Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to reduce or manage the exposure to 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 at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the Maturity Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its other 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 Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than the accrual of revenue in the ordinary course of business and 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 Company and its Restricted Subsidiaries in conformity with GAAP; provided that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary and (2) in the case of any future 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 Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization 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 amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest is actually paid by the Company or any Restricted Subsidiary, and (7) any capitalized interest, provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; provided that the following items 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 Company’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 Company 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 Company'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 Company or any Restricted Subsidiary;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries); and
- (6) any translation gains or losses due solely to fluctuations in currency values and related tax effects;
- (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 sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this 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 Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income 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 be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of assets, real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case,

including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (provided that such increase is permitted under the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”), or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to reduce or manage exposure to 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 Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for (or options, warrants or other rights exercisable for) Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “—Certain Covenants—Limitation on Asset Sales” and “—Repurchase of Notes upon a Change of Control” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the “—Certain Covenants—Limitation on Asset Sales” and “—Repurchase of Notes upon a Change of Control” covenants.

“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 balance sheet of the Company.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private

placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price, in each case to a person other than a Restricted Subsidiary or Permitted Holder; provided that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii), results in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank SA/NV.

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

“Existing Notes” means (i) the 12.5% senior notes due 2022 issued by the Company pursuant to an indenture dated September 21, 2021; and (ii) the 13.0% senior notes due 2023 issued by the Company pursuant to an indenture dated March 8, 2022.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; provided that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee, JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“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 the Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“Fitch” means Fitch Ratings, Inc. and its affiliates or 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 Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements (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, Disqualified Stock 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 Company 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 or consolidated with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

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 the International Financial Reporting Standards as in effect from time to time.

“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.

“Holder” means the Person in whose name a Note is registered in the Register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends; and
- (10) Receivable Financing Assets sold, transferred or discounted (other than pursuant to a Non-recourse Receivables Financing) by such Person to the extent of the consideration or proceeds received or receivable (prior to the payment of any subordinated tranche of interests (if any)) by such Person from another Person other than the Company or a Restricted Subsidiary.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Company 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 (1) any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business; provided that such Indebtedness is not reflected as borrowings on the balance sheet of the Company or (2) Entrusted Loans (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

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

- (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (2) that 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) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the "Limitation on Indebtedness and Preferred Stock" covenant, and (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

"Independent Third Party" means any Person that is not an Affiliate of the Company.

“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 reduce or manage exposure to 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.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company’s proportional interest in the assets (net of the Company’s proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (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 Property” means any property that is owned and held by the Company or any Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor; provided that such amount shall not exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

“JV Subsidiary Guarantee” has the meaning set forth under “—The Subsidiary Guarantees and JV Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee for so long as such JV Subsidiary Guarantee has not been released in accordance with the Indenture.

“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 Subsidiaries” means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; provided that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

“Measurement Date” means June 26, 2020.

“Minority Joint Venture” means any corporation, association or other business entity which is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses.

“Moody’s” means Moody’s Investors Service, Inc. and its affiliates or 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 Company 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 Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (2) with respect to any issuance or sale of Capital Stock or securities convertible or exchangeable into 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.

“Non-recourse Receivable Financing” means Receivable Financing (i) under which neither the Company nor any Restricted Subsidiary (other than pursuant to Standard Non-recourse Receivable Financing Undertakings) provides guarantee or recourse with respect to the Receivable Financing Assets, undertakes to repurchase any Receivable Financing Assets, subjects any of its properties or assets, directly or indirectly, contingently or otherwise, to the satisfaction of any obligation related to the Receivable Financing Assets or undertakes to maintain or preserve the financial condition or operating results of the entity that purchases or otherwise receives the Receivable Financing Assets and (ii) is not reflected as liability on the consolidated balance sheet of the Company.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by sending a notice to the Trustee, the tender agent and each Holder at its last address appearing in the Register stating:

- (1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “**Offer to Purchase Payment Date**”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the tender agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the tender agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the tender agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted for payment. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Company. The tender agent shall as soon as reasonably practicable make payment by wire transfer to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall as soon as reasonably practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with all applicable securities laws and regulations thereunder, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or 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 or JV Subsidiary Guarantor under the Indenture, Officers’ Certificate means a certificate signed by one Officer of such Subsidiary Guarantor or JV Subsidiary Guarantor.

“Opinion of Counsel” means a written opinion addressed to the Trustee from legal counsel who is reasonably acceptable to the Trustee and in form and substance acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Pari Passu Guarantee” means a Guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes), any Subsidiary Guarantor or any JV Subsidiary Guarantor; provided that (1) the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor was permitted to Incur such Indebtedness under the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” and (2) such Guarantee ranks *pari passu* with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor or 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 any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date.

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

- (1) Mr. Huang Qingping and his spouse or immediate family members or any trust established by any of them for their own benefit or for the benefit of any of their immediate family members;
- (2) any Affiliate (other than an Affiliate as defined in clauses (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 51% or more by the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more other Restricted Subsidiaries, 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, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, 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 reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments consisting of consideration received in connection with an Asset Sale made in compliance with the covenant described under “—Certain Covenants— Limitation on Asset Sales.”
- (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 the covenant described under “—Certain Covenants—Limitation on Liens;”
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization 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 Company's consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of 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 Company or any Restricted Subsidiary and prepayments made in connection with the direct or indirect acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;
- (16) advances or deposits paid to government authorities or government-affiliated or supervised entities in the PRC in connection with the financing of land acquisition, land development or land re-development activities in the ordinary course of business that are recorded as assets on the Company's balance sheet to the extent each such advance or deposit is on normal commercial terms;
- (17) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (18) repurchases of the Notes; and
- (19) any Investment (including without limitation any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person; provided that:
 - (a) none of the other holders of Capital Stock of such Person is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Transactions with Shareholders and Affiliates" covenant (other than by reason of such holder being an officer or director of the Company, a Restricted Subsidiary, Unrestricted Subsidiary or Minority Joint Venture);
 - (b) such Investment, together with (x) the aggregate of all other Investments made under this clause (19) since the Original Issue Date, less (y) an amount equal to the net reduction in all Investments made under this clause (19) since the Original Issue Date resulting from (A) receipt of payments in cash by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on or repayments of loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of such Person provided under this clause (19) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under this clause (19) is sold or otherwise liquidated or repaid for cash, the lesser of (i) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment, or (D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of this "Permitted Investment" definition), not to exceed, in each case, the amount of Investments (other than Permitted investments) made by the Company or any Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (19), will not exceed an aggregate amount equal to 20.0% of Total Assets; provided, however, that the aggregate amount of all Investments by the Company and its Restricted Subsidiary in any Person that engage in a business other than a Permitted Business pursuant to this clause (19) shall not at any time exceed 10.0% of Total Assets; and
 - (c) no Default has occurred and is continuing or would occur as a result of such Investment; and
- (20) Guarantees permitted under clause (o), (t), (u), (w) or (x) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness and Preferred Stock^k;"

- (21) any obligation, undertaking, agreement or arrangement to repurchase, indemnify or make up difference in payments in connection with any Receivable Financing permitted under the Indenture;
- (22) any Investment in a subordinated tranche of interests in a Receivable Financing Incurred pursuant to clause (ii) of the definition thereof with multiple tranches offered and sold to investors that, in the good faith determination of the Board of Directors, are necessary or advisable to effect such Receivable Financing; and
- (23) any Standard Non-recourse Receivable Financing Undertakings.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Company or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (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, in each case, securing Indebtedness under Hedging Obligations permitted by clause (2)(f) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock^k”
- (11) Liens existing on the Original Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(e) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock;” provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;

- (14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (2)(g) of the covenant described under the caption “Certain Covenants Limitation on Indebtedness and Preferred Stock”;
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; provided that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” 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% 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 and improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to secure the performance of the Company or any Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens incurred to secure Entrusted Loans;
- (21) Liens Incurred on cash deposits, bank accounts or other assets to secure Bank Deposit Secured Indebtedness of the type described under clause (2)(o) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”;
- (22) Liens securing Indebtedness which is permitted to be Incurred under clause (2)(n) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”;
- (23) Liens on the Capital Stock of a Restricted Subsidiary granted by the Company or any Restricted Subsidiary in favor of any Trust Company Investor (including the sale or transfer of such Capital Stock to such Trust Company Investor) in respect of, and to secure, the Indebtedness or Preferred Stock permitted to be Incurred or issued under clause (2)(p) of the “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant;
- (24) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted under clause (2)(q) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”;
- (25) Liens securing Indebtedness Incurred pursuant to clause (2)(r) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”;
- (26) 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)(s) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”;

- (27) Liens securing the Acquired Indebtedness Incurred under clause (2)(u) of the “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant;
- (28) Liens securing the Credit Facilities permitted to be Incurred under clause (2)(w) of the “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant; and
- (29) Liens on Receivable Financing Assets in respect of a Non-recourse Receivable Financing permitted under clause (2)(y) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock.

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Restricted Subsidiaries other than Subsidiary Guarantors; provided that, on the date of the Incurrence of such Indebtedness and after giving pro forma effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding the amount of any Public Indebtedness and any Indebtedness of any Restricted Subsidiary other than a Subsidiary Guarantor permitted under clauses (2)(a), (2)(b), (2)(d), (2)(f) and (2)(g) of the covenant described under “—Certain Covenants—Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of Total Assets.

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

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

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on September 3, 2016 and effective on October 1, 2016) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995 (as most recently amended on March 1, 2017 by the Decision of the State Council on Abolishing and Amending Some Administrative Regulations), as such laws may be amended.

“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 Company or any Restricted Subsidiary.

“PRC Relevant Indebtedness” means any present or future Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of notes, bonds, debentures, debenture stock, loan stock or other securities (other than the Securities) issued by a Restricted Subsidiary to the public or through a private placement in the PRC within the quota that is approved by applicable governmental authorities of the PRC government or any applicable stock exchange.

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

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms 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 shares of Capital Stock of any other class of such Person.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; provided that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Project Debt” means Indebtedness Incurred by the Company or a Restricted Subsidiary for the purpose of financing the acquisition, development, constructing, operation or maintenance of a real estate project.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Qualified Exchange” means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the U.S. Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by any Restricted Subsidiary pursuant to which such Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any receivables, royalty, other revenue streams or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

“Replacement Assets” means, on any date, property or assets of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business and will, upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, become a Restricted Subsidiary.

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

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

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

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

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Asset or participation interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original 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 Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary

that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; provided that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) Trade Payables or (3) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means any Restricted Subsidiary, or any group of Restricted Subsidiaries that, taken together, would be “significant subsidiary” using the conditions specified in 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 date of this Indenture, if any of the conditions exceeds 5 percent.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company 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 Company 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.

“Standard Non-recourse Receivable Financing Undertakings” means representations, warranties, undertakings, covenants and indemnities entered into by the Company or any Restricted Subsidiary which the Company has determined in good faith to be customary for a seller or servicer of assets in any Non-recourse Receivable Financing.

“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 Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any loan to the Company or any Restricted Subsidiary from Permitted Holders which (i) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) does not provide for any cash payment of interest.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which (i) more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the 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 an Investment made by

such Person equal to the Fair Market Value of the Capital Stock of such corporation, association or other business entity held by such person immediately after the occurrence of such event.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any Initial Subsidiary Guarantor named in the Indenture and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; provided

that “Subsidiary Guarantor” does not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investments” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, 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, the United Kingdom, 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, the United Kingdom, any state of the European Economic Area, shall be rated at least “A” by S&P, Moody’s or Fitch;
- (2) demand or 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 organized under the laws of the United States of America, the United Kingdom, 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 recognized statistical rating organization (as defined in Rule 436 under the Securities 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 Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1”(or higher) according to Moody’s or “A-1”(or higher) according to S&P or Fitch;
- (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, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts its business operations 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; and
- (8) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts its business operations.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements); provided that only with respect to clause (2)(h) of “—Certain Covenants—Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness; and provided further that with respect to the calculation of the percentage of Total Assets represented

by the Consolidated Assets of the Offshore Non-Guarantor Subsidiaries, the amount of Total Assets shall be calculated after giving pro forma effect to any sale or issuance of Capital Stock to relevant Independent Third Parties.

“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 Company 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 organized, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

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

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of 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 are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

DISTRIBUTION RESTRICTIONS

General

No action has been taken or will be taken by us or the Dealer Manager that would permit a public offering of the Notes or possession or distribution of this Information Memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer Manager or any affiliate of the Dealer Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealer Manager or its affiliates on behalf of us in such jurisdiction.

Prohibition of Sales to EEA Retail Investors

The Dealer Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, 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 MiFID II; or
- (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

The Dealer Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United States

The Notes and the Subsidiary Guarantees 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 exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes and the Subsidiary Guarantees are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Furthermore, until 40 days after the commencement of the offering of the Notes and the Subsidiary Guarantees, an offer or sale of the Notes within the United States by a dealer, whether or not participating in this offering, may violate the registration requirements of the Securities Act.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (the “**Corporations Act**”) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”) or the Australian Securities Exchange operated by ASX Limited (“**ASX**”). The Dealer Manager has represented and agreed that in connection with the distribution of the Notes, it:

- (a) must not make any offer or invitation in Australia or which is received in Australia in relation to the issue, sale or purchase of any Notes unless the offeree or invitee is required to pay at least AUD500,000 for the Notes or its foreign currency equivalent (in either case disregarding amounts, if any, lent by us or any other person offering the notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act, or it is otherwise an offer or invitation in respect of which, by virtue of section 708 of the Corporations Act, no disclosure is required to be made under Part 6D.2 of the Corporations Act and provided that in any case the offeree or invitee is not a retail client (within the meaning of section 761G or section 761GA of the Corporations Act); and
- (b) has not circulated or issued and must not circulate or issue this Information Memorandum or any disclosure document relating to the notes in Australia or which is received in Australia which requires lodging under Division 5 of Part 6D.2 or under Part 7.7 of the Corporations Act or would otherwise require any document to be lodged with ASIC or the ASX or any other regulatory authority in Australia.

United Kingdom

The Dealer Manager has represented, warranted and agreed that:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Company;
- 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company or the Subsidiary Guarantors; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Singapore

The Dealer Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Dealer Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

Singapore SFA Product Classification — *In connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Hong Kong

The Dealer Manager has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; 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 (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, 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 Notes 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 the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (as amended) (the “Financial Instruments and Exchange Law”), and disclosure under the Financial Instruments and Exchange Law has not been made with respect to the Notes. Accordingly, the Dealer Manager has represented, warranted and agreed that the Notes have 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 re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other applicable laws and regulations of Japan.

PRC

The Dealer Manager has acknowledged that this Information Memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. The Dealer Manager has represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes 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 in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes 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.

Cayman Islands

The Dealer Manager has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Notes.

British Virgin Islands

The Dealer Manager has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

This Information Memorandum does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It is based on law and relevant interpretations thereof in effect as at the date of this Information Memorandum, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

BRITISH VIRGIN ISLANDS

The Company is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands. Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Company does not hold an interest in real estate in the British Virgin Islands.

There are currently no government or other exchange controls in the British Virgin Islands.

CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. 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 or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest and principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes 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 is a party to a double tax treaty entered into with the United Kingdom in 2010 but is otherwise not party to any double taxation treaties.

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

The Company 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 of the Cayman Islands. In accordance with the Tax Concessions Law of the Cayman Islands, the Governor in Cabinet undertakes with the Company:

- 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 Company or its operations; and
- 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 Company, or by way of the withholding, in whole or part, of any relevant payment as defined in the Tax Concessions Law of the Cayman Islands.

These concessions shall be for a period of 20 years from July 4, 2018.

HONG KONG TAXATION

The following is a general description of certain tax considerations relating to the Notes. It is based on law and relevant interpretations thereof in effect as of the date of this Information Memorandum, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC TAXATION

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, rules and regulations in effect as of the date of this Information Memorandum, 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest and Capital Gains

PRC income tax at the rate of 10% (or lower treaty rate, if any) is withheld from interest payable to investors that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, to the extent such interest is derived from sources within the PRC. Any gain realized on the transfer of the Notes by such investors is subject to a 10% (or lower treaty rate, if any) PRC income tax if such gain is regarded as income of a “non-resident enterprise” derived from sources within the PRC. There is uncertainty as to whether we or any of the Subsidiary Guarantors (as the case may be) will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we or any of the Subsidiary Guarantors (as the case may be) are considered a PRC resident enterprise, interest and capital gains realized by non-resident holders of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC withholding tax at the rate of 10% where the holder is an enterprise pursuant to the EIT Law, or subject to PRC individual income tax at the rate of 20% (which in the case of interest may be withheld at source) where the holder is an individual pursuant to PRC individual income tax laws. Any PRC tax liability on interest, premium or gain may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident investors might be able to obtain the benefit of income tax treaties entered into between PRC and their countries. See “*Risk Factors — Risks Relating to Our Business—Interest payable by us or the Subsidiary Guarantor to our foreign investors and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.*”

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC, the relevant contracts are signed outside the PRC and their governing law is not PRC law,) of a Note.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Ogier as to matters of Cayman Islands law and British Virgin Islands law, Linklaters as to matters of Hong Kong law and United States federal and New York law and Jingtian & Gongcheng as to matters of PRC law. Certain legal matters will be passed upon for the Dealer Manager by White & Case as to matters of United States federal and New York law and Haiwen & Partners as to matters of PRC law.

GENERAL INFORMATION

1 AUTHORIZATIONS AND CONSENTS

We have obtained all necessary governmental consents, approvals and authorizations, as and when applicable, in Hong Kong, the Cayman Islands and the British Virgin Islands in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by resolutions of our board of directors on or about August 31, 2022, and the entering into of the Indenture and the giving of the Subsidiary Guarantees have been authorized by resolutions of the board of directors of each Subsidiary Guarantor on or about August 31, 2022.

2 DOCUMENTS AVAILABLE

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time)) on any weekday (except public holidays) at the corporate trust office of the Trustee, following prior written request and proof of holding and identity satisfactory to the Trustee.

3 LITIGATION

Except as disclosed in this Information Memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, which are or might be material in the context of this issue of the Notes, nor are we aware of any pending or threatened proceedings.

4 CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream with a Common Code of 252728996 and an ISIN of XS2527289966. The Legal Entity Identifier of the Company is 300300J0M2CT3JT54R34.

5 LISTING OF THE NOTES

Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. It is expected that dealing in, and listing of, the Notes on the SGX-ST will commence on September 14, 2022.

The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

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

OUR REGISTERED OFFICE AND PLACES OF BUSINESS

Registered Office	Principal Place of Business in the PRC	Principal Place of Business in Hong Kong
Sertus Chambers Governors Square Suite #5-204 23 Lime Tree Bay Avenue P.O. Box 2547, Grand Cayman KY1-1 104 Cayman Islands	19-21 Floors Block A Yincheng Plaza 289 Jianguongbeilu Nanjing PRC	Kong Room 4502, 45/F Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

China Construction Bank (Asia) Corporation Limited

(中國建設銀行(亞洲)股份有限公司)

28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

OUR LEGAL ADVISORS

As to U.S. law and Hong Kong law

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11th Floor
Alexandra House
Chater Road
Hong Kong

As to PRC law

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China Central Place
77 Jianguo Road
Beijing 100025, PRC

As to Cayman Islands law

Ogier
11th Floor Central Tower
28 Queen's Road Central
Central
Hong Kong

As to British Virgin Islands law

Ogier
11th Floor Central Tower
28 Queen's Road Central
Central
Hong Kong

LEGAL ADVISORS TO THE TRUSTEE

As to New York law

Mayer Brown
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10 Chater Road
Central, Hong Kong

LEGAL ADVISORS TO THE DEALER MANAGER

As to United States law

White & Case
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The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law

Haiwen & Partners
20/F, Fortune Financial Center
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Chaoyang District
Beijing 100020, PRC