

Proposed Kaisa Recapitalization & Restructuring

TERM SHEET

*This term sheet (the “**Term Sheet**”) sets forth the terms of an alternative proposed recapitalization of Kaisa Group Holdings (the “**Company**”), proposed by major bondholders and such other parties which are interested in pursuing the transactions contemplated hereunder. All capitalized terms used but not defined herein shall have the meanings provided in the letter to which this Term Sheet is attached.*

The information contained in this document is provided for informational purposes only.

This Term Sheet and the letter accompanying this Term Sheet are not intended to, and shall not create or constitute, any legally binding or enforceable obligation, and no person shall have any liability to any other person with respect to any provision hereof or thereof until definitive agreements in respect of the matters contemplated hereunder, if successfully negotiated, are executed and delivered by the parties thereto and then only to the extent and subject to the terms and conditions set forth therein.

1. DEFINITIONS

“30-day VWAP” means the volume weighted average price of the Common Shares for any consecutive 30-trading-day period during which the Common Shares are actively traded as displayed under the heading “VWAP” on Bloomberg page 1638.HK<equity>.

“Calculation Date” means the date that is five business days prior to the Settlement Date.

“CB Election Amount” means the amount of all Claims that, as of the Exchange Date, Scheme Creditors have elected (or are deemed to have elected) to have exchanged for Restructured CBs pursuant to Option 2 or Option 3.

“CBs Trustee” means Citicorp International Limited, as trustee and security trustee under the Convertible Bonds.

“Claims” means, with respect to any Scheme Creditor, the aggregate Exchange Date Principal Amount representing the Existing Notes and/or Existing Offshore Loans held by such Scheme Creditor on the Exchange Date.

“Collateral” has the same meaning ascribed to it in the Existing HY Notes.

“Common Shares” means the ordinary shares of the Company which are currently listed on The Stock Exchange of Hong Kong Limited.

“Convertible Bonds” means the 2015 Convertible Bonds (as defined in Clause 1.1).

“CVR Triggering Event” has the meaning ascribed to it in Clause 2.3 below in the section entitled “Settlement”.

“CVRs” means the contingent value rights.

“Exchange Date” means the date on which the New HY Notes are issued under the new indentures, after the Schemes have been sanctioned.

“Exchange Date Principal Amount” means (a) the Reference Date Principal Amount, plus (b) accrued and unpaid interest on the Reference Date Principal Amount, calculated using the Spot Rate to convert the RMB-denominated 2016 Notes and HKD-denominated Existing Offshore Loans into U.S. dollar-denominated amounts, compounding semi-annually at the various Year 1 PIK coupon interest rates per annum in respect of the New HY Notes and Restructured CBs as set forth in Appendix A hereto, from (and including) the Reference Date through (but excluding) the Exchange Date (regardless of whether the maturity date of the Convertible Bonds has occurred prior to the Exchange Date).

“Existing HY Notes” means, collectively, the 2016 Notes, 2017 Notes, 2018 Notes, 2019 Notes and 2020 Notes.

“Fundamental Change” has the meaning ascribed to it in Clause 2.3 below in the section entitled “Settlement”.

“HKD” or **“HK dollars”** means Hong Kong dollars, the official currency of Hong Kong.

“Implied Market Capitalization” means, as of any date, the greater of (1) the 30-day VWAP of the Common Shares measured as of such date, multiplied by the average number of shares outstanding as of the close of trading on each date during the measurement period of such 30-day VWAP; or (2) the aggregate equity value of the Company implied by the total per share consideration (or cash equivalent thereof) payable in connection with any transaction that constitutes a Fundamental Change.

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected by the Company, and if the Company fails to select an Independent Investment Bank when required by this Agreement, the holders of Existing Offshore Loans with respect to the USD/HKD rate, and the holders of the Convertible Bonds with respect to the USD/RMB rate, may select the Independent Investment Bank.

“Interest Payment Date” has the meaning ascribed to it in Clause 2.2 below in the section entitled “Interest Payment Dates”.

“Maturity Date” has the meaning ascribed to it in Clause 2.2 below in the section entitled “Maturity Date”; *provided* that such date shall be a fixed date regardless of the actual Exchange Date.

“Maximum CB Amount” means the Exchange Date Principal Amount represented by the Convertible Bonds.

“New HY Notes” the Series A Notes, the Series B Notes, the Series C Notes, the Series D Notes and the Series E Notes with the rights set out in the table below.

“New Junior Notes” means the US\$200,000,000 USD-denominated and USD-settled zero coupon junior subordinated notes due on the 8th anniversary of the Reference Date.

“Option 1 Claims” means all Claims that any Scheme Creditor has elected to exchange (or been deemed to so elect, including any Claims exchanged for New HY Notes pursuant to the cut-back mechanism described in Clause 2.1) for New HY Notes.

“Qualified Exchange” means either (1) the New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market or the SGX or (2) a national securities exchange (as such term is defined in Section 6 of the U.S. Securities Exchange Act of 1934, as amended) or a designated offshore securities market (as such term is defined in Rule 902(b) under the U.S. Securities Act of 1933, as amended).

“Rate Calculation Date” means the day on which the amount of each Scheme Creditor’s claim is determined for the purpose of voting in respect of the Scheme.

“Reference Date” means January 1, 2016.

“Reference Date Principal Amount” means the aggregate principal amount of the Existing Notes and Existing Offshore Loans outstanding on the Reference Date, plus any accrued and unpaid interest under the Existing Notes and Existing Offshore Loans, compounding semi-annually at the interest rates applicable to the Existing Notes and Existing Offshore Loans in accordance with their relevant indentures, instruments or agreements, through (but excluding) the Reference Date.

“Reference Dealers” means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Company.

“Reference Share Price” means the 30-day VWAP of the Common Shares immediately prior to the Calculation Date.

“Restructured CBs” means the convertible bonds with the rights set out in the table below.

“RMB” means Renminbi, the official currency of the People’s Republic of China.

“Settlement Date” has the meaning ascribed to it in Clause 2.3 below in the section entitled “Settlement”.

“SGX” means the Singapore Exchange Securities Trading Limited.

“Spot Rate” means a rate determined by the Company in good faith as follows:

- (a) in respect of the USD Equivalent of an RMB-denominated amount, the RMB/US dollar official fixing rate, expressed as the amount of RMB per one U.S. dollar, reported by the People’s Bank of China which appears on the Reuters Screen “SAEC” Page opposite the symbol “USDCNY” page at or about 9:15 am (Beijing time) on the Rate Calculation Date;
- (b) in respect of the USD Equivalent of a HK dollar-denominated amount, the bid exchange rate, expressed as the amount of HK dollars per one U.S. dollar, which appears on the relevant Reuters “HKDFIX” page at 11:00 am (Hong Kong time) on the Rate Calculation Date;
- (c) if no such rate is available under sub-paragraph (a) or (b), the spot rate determined by the Company in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and
- (d) if fewer than two quotations are provided under sub-paragraph (c), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the spot rate under sub-paragraph (c) above, the Company will request the Beijing (for determining the USD Equivalent of an RMB-denominated amount) or

Hong Kong (for determining the USD Equivalent of an HK dollar-denominated amount) office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer’s experience in the

foreign exchange market for RMB or HK dollars (as applicable) and general activity in such market on the Rate Calculation Date. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 9:15 am. (Beijing time) or 11:00 a.m. (Hong Kong time), as applicable, on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate is not available.

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Schedule 2, whether by the Reference Dealers (or any of them), the Company or the Independent Investment Bank, will (in the absence of wilful default, bad faith or manifest error) be binding on the Company, the CBs Trustee, and all Consenting Creditors.

“**TIA**” means the U.S. Trust Indenture Act of 1939, as amended.

“**Trustee**” means, with respect to each series of New HY Notes, the trustee for such series of New HY Notes.

“**USD**” or “**U.S. dollars**” means United States dollars, the official currency of the United States of America.

“**USD Equivalent**” means, in respect of any RMB or HK dollar-denominated amounts, such amounts in RMB or HKD divided by the relevant Spot Rate.

2. *TREATMENT OF THE EXISTING NOTES AND EXISTING OFFSHORE LOANS IN THE RESTRUCTURING*

2.1 **Election by Scheme Creditors of the Treatment of their Existing Notes and Existing Offshore Loans**

The Existing Notes and Existing Offshore Loans will be combined into a single class for voting purposes in the Schemes, and each participating holder of the Existing Notes and Existing Offshore Loans will be entitled to elect one of the following options for treatment of their Claims:

(a) **Option 1 – 100% in New HY Notes and CVRs**

Exchange 100% of their Claims for New HY Notes, with new principal amounts, new maturity dates and new interest coupon schedules, as summarised below. The covenants, guarantees and collateral under the New HY Notes will be substantially similar to those provided under the Existing HY Notes.

In addition, holders of the New HY Notes will receive CVRs, separately tradable as a single instrument which will provide upside sharing in the event that one or more trigger events occur.

Holders of Existing HY Notes and Existing Offshore Loans will be deemed to have elected Option 1 if a valid election is not received by the applicable deadline.

(b) **Option 2 – Full Subscription for Restructured CBs**

Exchange up to 100% of their Claims for Restructured CBs, subject to the cut-back mechanism described below in the event the CB Election Amount exceeds the Maximum CB Amount. In the event of a cutback, any Claims not exchanged for Restructured CBs shall receive the same treatment as Option 1 Claims and shall be exchanged for New HY Notes (and the associated CVRs). The Convertible Bonds will be amended with a new principal amount, an extended maturity date, a new interest coupon schedule and a lower conversion price as summarised below.

Holders of Convertible Bonds will be deemed to have elected Option 2 if a valid election is not received by the applicable deadline.

(c) **Option 3 – Proportionate Subscription to Restructured CBs and Proportional Exchange for New HY Notes and CVRs**

Exchange all of their Claims for a proportionate amount of each of the New HY Notes, CVRs and the Restructured CBs, with (i) the percentage of such Claims equal to the percentage that the Maximum CB Amount represents of the Exchange Date Principal Amount being exchanged for Restructured CBs, subject to adjustment from the cut-back mechanism described below in the event the CB Election Amount exceeds the Maximum CB Amount; and (ii) any Claims not exchanged for Restructured CBs receiving the same treatment as Option 1 Claims and exchanged for New HY Notes (and the associated CVRs).

(d) **Cut-Back Mechanism:** On the Exchange Date, if the CB Election Amount is greater than the Maximum CB Amount, then any Claims that are to be exchanged for Restructured CBs pursuant to an election for Option 2 or Option 3 shall be

exchanged for (i) Restructured CBs with a principal amount equal to the product of the amount of such Claims, multiplied by the quotient of the Maximum CB Amount, divided by the CB Election Amount, and (ii) New HY Notes (and the associated CVRs) (issued in connection with the exchange of all Option 1 Claims) with an aggregate principal amount of New HY Notes equal to the difference between the amount of such Claims, minus the principal amount of Restructured CB's issued pursuant to the preceding Clause (i).

- 2.2 **Terms of the New HY Notes:** As of the Exchange Date, each Scheme Creditor shall exchange all Option 1 Claims for an aggregate principal amount of New HY Notes equal to the aggregate amount of such Option 1 Claims. The New HY Notes to be issued to each Scheme Creditor in respect of such Claims shall be Series A Notes, Series B Notes, Series C Notes, Series D Notes and Series E Notes, each in a principal amount proportionate to the aggregate principal amount of each such series to be issued, determined in accordance with the following:

Issuer	The Company
New HY Notes Offered	Series A Notes: Variable rate senior notes due December 31, 2019 in a principal amount equal to 10% of all New HY Notes issued; Series B Notes: Variable rate senior notes due June 30, 2020 in a principal amount equal to 18% of all New HY Notes issued; Series C Notes: Variable rate senior notes due December 31, 2020 in a principal amount equal to 22% of all New HY Notes issued; Series D Notes: Variable rate senior notes due June 30, 2021 in a principal amount equal to 24% of all New HY Notes issued; and Series E Notes: Variable rate senior notes due December 31, 2021 in a principal amount equal to 26% of all New HY Notes issued.
Maturity Date	Series A Notes: December 31, 2019; Series B Notes: June 30, 2020; Series C Notes: December 31, 2020; Series D Notes: June 30, 2021; Series E Notes: December 31, 2021; (each such date with respect to each series of the New HY Notes, a "Maturity Date").
Interest	The New HY Notes will bear interest from (and including) the Exchange Date, payable semi-annually in arrears, according to Appendix A attached hereto.
Interest Payment Dates	June 30 and December 31 (" Interest Payment Date ").
Release of Subsidiary Guarantee, JV Subsidiary Guarantees and Collateral	Same as the Existing HY Notes, except that the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral may be released or reduced upon the consent of the holders of at least 90% in aggregate principal amount of the outstanding New HY Notes, and in certain other circumstances. See "Amendments and Waiver" below.

Intercreditor Agreement	On the Exchange Date, each Trustee, for the benefit of the holders of the relevant series of the New HY Notes, will accede to the Intercreditor Agreement, which will provide that the security interest in the Collateral will be shared on a pari passu basis among (i) the CB Trustee for the benefit of the holders of the Restructured CBs, (ii) each Trustee for the benefit of the holders of the relevant series of the New HY Notes, (iii) the creditors with respect to other existing Permitted Pari Passu Secured Indebtedness and (iv) any other creditors with respect to future Permitted Pari Passu Secured Indebtedness.
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Optional Redemption	Each series of the New HY Notes may be redeemed at any time before the date that is two years prior to the Maturity Date for such series of the New HY Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the redemption date. At any time during the one year period from (and including) the date that is two years prior to the Maturity Date for each series of the New HY Notes to (and excluding) the date that is one year prior to such Maturity Date, relevant series of the New HY Notes may be redeemed in whole or in part, at a redemption price equal to 101% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the redemption date. At any time during the one year period from (and including) the date that is one year prior to the Maturity Date for each series of the New HY Notes to (and including) such Maturity Date, relevant series of the New HY Notes may be redeemed in whole or in part, at a redemption price equal to 102% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the redemption date. For avoidance of doubt, all New HY Notes not otherwise previously redeemed are to be redeemed on the respective Maturity Date at 102% of the principal amount of such series of New HY Notes, plus any accrued and unpaid interest to (but excluding) the Maturity Date for each series. For avoidance of doubt, any optional redemption in part of any series of New HY Notes shall be effected <i>pro rata</i> among all holders of such series.
Provision of Financial Statements and Reports	Same as the Existing HY Notes, except that so long as any of the New HY Notes remain outstanding, for as long as and only if the Company has failed to file with The Stock Exchange of Hong Kong Limited, or any other securities exchange on which the Common Shares are at any time listed for trading, true and correct copies of any financial report required to be filed in accordance with the rules and regulations of such exchange, the Company shall publicly disclose quarterly reports on the website of The Stock Exchange of Hong Kong Limited, within 30 calendar days of the end of each fiscal year of the Company and the three- month anniversary thereof, that include details on the Company's land bank, contracted sales, gross floor area and average selling prices of the units sold during such quarterly period.
Use of Proceeds from Issuance of Future Permitted Pari Passu Secured Indebtedness	100% of net proceeds from the issuance of any future Permitted Pari Passu Secured Indebtedness shall be applied, subject to the Intercreditor Agreement, pro rata, to redeem New HY Notes and any existing Permitted Pari Passu Secured Indebtedness (with payments pro rata on the basis of the principal amount then outstanding of each series of the New HY Notes and such Permitted Pari Passu Secured Indebtedness).
Use of Proceeds from Issuance of New Junior Notes	100% of net proceeds from the issuance of the New Junior Notes will be deposited into a separate account maintained by the Company and shall held as collateral to secure the Company's obligations to pay principal and interest on the New HY Notes and the Restructured CBs, and any payments required in respect of the CVRs, and shall be used solely for the foregoing purposes.

Limitation on Issuance of Future Subordinated Indebtedness or Equity (or an instrument that is a hybrid thereof)	The issuance of any future indebtedness (or equity or any instrument that is a hybrid thereof) by the Company that is subordinated in right of payment to the New HY Notes shall be subject to a binding agreement entered into by the Company for the benefit of the holders of the New HY Notes that the Company shall not elect PIK interest in any PIK toggle coupon periods in the future. Furthermore, the issuance of such future subordinated indebtedness shall have a maturity date later than that of the Series E Notes and may not be redeemed prior to the full redemption of the New HY Notes. This does not apply in relation to the issuance of New Junior Notes or any equity pursuant to the CVRs, the Restructured CBs or any stock option plans of the Company.
Events of Default	Same as the Existing HY Notes, except that (i) failure to file with The Stock Exchange of Hong Kong Limited copies of its financial statements (on a consolidated basis) in respect of the fiscal year ended December 31, 2014 (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants on or before July 31, 2016; provided that the Company shall have until September 31, 2016 to cure such failure, (ii) failure to make any payment (in cash or Common Shares) by the Settlement Date following a CVR Triggering Event under the CVRs shall also constitute an Event of Default, (iii) the Common Shares cease to be listed or admitted for trading or are suspended for 30 or more consecutive trading days after the lifting of the current suspension on the trading of the Common Shares shall also constitute an Event of Default, and (iv) the use of the net proceeds from the issuance of the New Junior Notes in any manner other than as expressly contemplated hereunder shall be deemed an Event of Default. Notwithstanding the foregoing, any Event of Default arising out of or related to a default, an event of default or acceleration of indebtedness under or failure to pay principal of, or interest or premium on, any onshore indebtedness existing as of the Exchange Date, shall be deemed waived by all holders of the New HY Notes. Such waiver shall be subject to (i) the Company entering into binding documentation providing for the restructuring of at least 85% of its existing onshore indebtedness and (ii) holders of the New HY Notes and the Company using commercially reasonable endeavors to agree on definitive documentation for the timing and scope of any waivers that may be requested for any remaining defaulted onshore debt that continues to exist after the Exchange Date. The waivers referred to above shall not apply to any Event of Default that occurs after the Exchange Date in respect of (i) any restructured onshore indebtedness, (ii) any additional onshore indebtedness incurred after the Exchange Date or (iii) the use of the net proceeds from the issuance of the New Junior Notes in any manner other than as expressly contemplated hereunder .

Amendments and Waiver	Same as the Existing HY Notes, except that all modifications, amendments or waivers of each series of the New HY Notes which would require consent of all holders under the related series of the Existing HY Notes may be made with the consent of the holders of at least 90% in aggregate principal amount of such series of the New HY Notes, unless such amendments would affect holders' rights to the payment of principal or interest in which case consent of all holders would still be required per the TIA. Notwithstanding the foregoing, with the consent of holders of not less than [75]% in aggregate principal amount of the outstanding New HY Notes of a relevant series, interest payment on such series of New HY Notes may be postponed for a period not exceeding three years from the due date originally specified for such interest payment, to the extent not prohibited under the TIA.
Transfer Restrictions	The New HY Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and will be subject to certain restrictions on transfer and resale.
Form, Denomination and Registration	The New HY Notes will be issued only in fully registered form without interest coupons and will be initially represented by one or more global notes.
Listing	Application will be made for the listing and quotation of the New HY Notes offered hereby on the SGX.

Amendments to Other High Yield Covenants	The Company shall not issue any dividends unless it enters into a binding undertaking for the benefit of the holders of the New HY Notes that it shall not elect PIK interest in any PIK toggle coupon periods in the future and is in compliance with the Restricted Payment covenant of the New HY Notes.
<i>Unless otherwise noted above or the context otherwise requires, the terms of the New HY Notes shall be substantially the same as the terms of the Existing HY Notes.</i>	

2.3 Terms of the CVRs

Issuer	The Company
CVRs Offered	CVRs with an aggregate notional value equal to 7.0% of the aggregate principal amount of the New HY Notes to be issued on the Exchange Date.
Tenor	CVRs to remain outstanding until the Maturity Date of the Series E Notes.
CVR Triggering Event	Holders of the CVRs shall be entitled to the payment of 20% of the notional value of the CVRs they hold upon the occurrence of each of the following triggering events (each, a “CVR Triggering Event”): • Trigger A: when the Implied Market Capitalization of the Common Shares exceeds HK\$10,075,000,000 • Trigger B: when the Implied Market Capitalization of the Common Shares exceeds HK\$12,594,000,000 • Trigger C: when the Implied Market Capitalization of the Common Shares exceeds HK\$15,742,000,000 • Trigger D: when the Implied Market Capitalization of the Common Shares exceeds HK\$19,678,000,000 • Trigger E: when the Implied Market Capitalization of the Common Shares exceeds HK\$20,542,000,000
Anti-Dilution	If and whenever the Company shall pay or make any Capital Distribution (as defined in the Restructured CBs) (but excluding any dividend or distribution of additional Common Shares) to the holders of the Common Shares on account of such Common Shares, then the market capitalization amounts set forth above shall be decreased, effective immediately after the effective date of such dividend or distribution, by the fair market value (as determined, other than in the case of cash, by the Independent Investment Bank at the Company’s expense) of the assets distributed or paid on each Common Share in respect of such dividend or distribution.

Settlement	Upon the occurrence of any CVR Triggering Event, the Company shall settle any payment triggered on the date that is the later of (i) six months after the satisfaction of such CVR Triggering Event and (ii) the third anniversary of the Exchange Date (each such date, a “Settlement Date”), in cash, or in the event that the Common Shares are listed on any Qualified Exchange, at the election of the Company, in Common Shares
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	in lieu of cash, in which case, a holder of the CVRs shall be entitled to receive the number of Common Shares equal to the quotient of the notional value of the CVRs it holds that has been triggered and the Reference Share Price.
Fundamental Changes and Events of Default	Settlement of any payments triggered by a CVR Triggering Event but unpaid shall be accelerated upon the occurrence of a Fundamental Change or an event of default under the CVRs (which shall be comparable to the Events of Default set forth in the New HY Notes), and such accelerated amounts shall become immediately due and payable by the Company as an obligation that is pari passu with the Company's obligations under the New HY Notes and Restructured CBs. If the Company is involved in any transaction which constitutes a Fundamental Change, the Holders of the CVRs will be entitled to payment prior to or in connection with such transaction of all accelerated amounts triggered by a CVR Triggering Event occurring prior to or in connection with such transaction. Notwithstanding the foregoing, if the acceleration of any payments triggered by a CVR Triggering Event was due to the occurrence of certain events of default under the CVRs (related to cross-defaults, trading suspensions or delisting), then such payment(s) will be made in cash. However, if such an event of default is subsequently cured, then the acceleration and associated cash payment(s) shall no longer be effective following the cure of such event of default, and settlement pursuant to the settlement procedures set forth under "Settlement" above shall thereafter be available to the Company, with reference to the original date of any CVR Triggering Event that may have occurred. A "Fundamental Change" shall be deemed to have occurred if (1) the Company is involved in and completes a consolidation with or merger with or into any other person (other than with one of its Subsidiaries), or any other similar transaction or series of related transactions pursuant to which the outstanding Common Shares will be converted into cash, securities or other property, or the Company sells, transfers to a third party buyer or otherwise disposes of, in one transaction or a series of related transactions, all or substantially all of the property and assets of the Company and its Subsidiaries, taken as a whole; or (2) the Shareholders of the Company approve any plan for its liquidation, dissolution or termination.
Governing Law	The CVRs will be governed by and construed in accordance with the laws of the State of New York.
Transfer Restrictions	The CVRs have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and will be subject to restrictions on transfer and resale to the extent required by U.S. securities laws.
Book Entry	The CVRs will be issued in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear and Clearstream.
Listing	Application will be made for the listing and quotation of the CVRs offered hereby on the SGX. The CVRs shall be listed and traded separately from the New HY Notes.

2.4 Terms of the Restructured CBs

<i>Terms of the Restructured CBs shall be as follows.</i>	
Issuer	The Company
Convertible Bonds after the Restructuring.	USD-denominated and USD-settled variable rate convertible bonds due December 31, 2019. The maximum principal amount of the Restructured CBs shall be equal to the Exchange Date Principal Amount represented by the Convertible Bonds. For the avoidance of doubt, the principal and unpaid interest of the Convertible Bonds will be deemed to be a USD-denominated claim as of and from its original maturity date of 20 December 2015, calculated using the Spot Rate as at 17 December 2015 in accordance with the existing terms of the Convertible Bonds. With respect to the difference of the above principal amount of the Restructured CBs and the Convertible Bonds outstanding on the Exchange Date, the Company shall use commercially reasonable efforts to request (as soon as practicable, but in any event no later than 15 business days after the resumption of trading of the Common Shares on The Stock Exchange of Hong Kong Limited) and obtain all necessary approvals in accordance with relevant rules and regulations of The Stock Exchange of Hong Kong Limited for issuance of such additional principal amount of the Restructured CBs as soon as practicable. Notwithstanding the foregoing, if the Company fails to obtain such approvals: (a) when a holder of the Restructured CBs elects to exercise its Conversion Rights (as defined in the Convertible Bonds) during the Conversion Period set out below (“Conversion Event”), the Company shall pay to such holder, in cash, an amount equal to the product of (i) the additional number of Common Shares that such holder would have been entitled to receive should the principal amount be increased to the principal amount of the Restructured CBs as set forth in the paragraph immediately above on the Exchange Date (subject to the anti-dilution provisions set forth below and adjusted for all accrued interest on such additional Restructured CBs as if such Restructured CBs had been issued on the Exchange Date) and (ii) 30-day VWAP immediately before the occurrence of the Conversion Event; or (b) upon redemption of the Restructured CBs, the Company shall pay to such holder, in cash, an amount equal to the principal amount of such additional Restructured CBs (adjusted for all accrued interest on such additional Restructured CBs as if such Restructured CBs had been issued on the Exchange Date).
Maturity	December 31, 2019, which may, at the option of the Company, be extended by one year to December 31, 2020. At Maturity the Restructured CBs will be redeemed at 102% of the principal amount.
Interest	Payable semi-annually in arrears on each Interest Payment Date at the rates specified in Appendix A attached hereto.
Intercreditor Agreement	On the Exchange Date, each Trustee, for the benefit of the holders of the relevant series of the New HY Notes, will accede to the Intercreditor Agreement, which will provide that the security interest in the Collateral will be shared on a pari passu basis among (i) the CB Trustee for the benefit of the holders of the Restructured CBs, (ii) each Trustee for the benefit of

	the holders of the relevant series of the New HY Notes, (iii) the creditors with respect to other existing Permitted Pari Passu Secured Indebtedness and (iv) any other creditors with respect to future Permitted Pari Passu Secured Indebtedness.
Conversion Period	Same as the Convertible Bonds, except that “30 January 2011” in Condition 6(A)(i) shall be replaced by a date that is 41 calendar days after the Exchange Date.
Conversion Price	Same as the Convertible Bonds, except that the Company shall use commercially reasonable efforts to request (as soon as practicable, but in any event no later than 15 business days after the resumption of trading on the Common Shares on The Stock Exchange of Hong Kong Limited) and obtain all necessary approvals in accordance with relevant rules and regulations of The Stock Exchange of Hong Kong Limited to reduce the current conversion price of HK\$2.64 per Share, as set out and adjusted pursuant to Condition 6(A) (iii) of the Convertible Bonds, to the lower of (a) HK\$2.34 per Share, and (b) the 125% of the 30 day VWAP following the resumption of trading, subject to a floor on the conversion price to ensure that new shares to be issued upon conversion of the Restructured CBs do not exceed 20% of Company’s issued and outstanding share capital. Notwithstanding the foregoing, if the Company fails to obtain such approvals before the occurrence of a Conversion Event, the Company shall pay to such holder, in cash, an amount equal to the product of (i) the additional number of Common Shares that such holder would have been entitled to receive should the conversion price be reduced to the lower of (a) HK\$2.34 per Share on the Exchange Date and (b) the 125% of the 30 day VWAP following the resumption of trading on the Exchange Date (subject to the floor on the conversion price set forth above and the anti-dilution provisions set forth below) and (ii) 30-day VWAP immediately before the occurrence of the Conversion Event.
Anti-Dilution	Same as the Convertible Bonds, with carve-outs to such anti-dilution protections for any dilution as a result of the settlement of the CVRs in Common Shares in lieu of cash.
Redemption for Delisting or Change of Control	Same as the Convertible Bonds (provided that the ongoing current suspension on the trading of the Common Shares, the failure to lift such suspension and any delisting of the Common Shares arising from such suspension on trading shall not entitle the holder of a Restructured CB to require the redemption of the Restructured CBs by reason of the occurrence of a Relevant Event (as defined in the Convertible Bonds)).

Events of Default and other ancillary matters including (i) Provision of Financial Statements and Reports, (ii) Use of Proceeds from Issuance of Future Permitted Pari Passu Secured Indebtedness and (iii) Limitation on Issuance of Future Subordinated Indebtedness or Equity (or an instrument that is a hybrid thereof)	Substantially the same as the New HY Notes.
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2.5 Terms of the New Junior Notes

<i>Terms of the New Junior Notes shall be as follows.</i>	
Issuer	The Company
Subscriber(s)	Mr. Kwok Ying Shing / other major shareholders / onshore banks
Principal Amount	US\$200,000,000
Ranking	Junior to New HY Notes and Restructured CBs. On the Exchange Date, each Subscriber of the New Junior Notes will accede to the Intercreditor Agreement, to provide that such Subscriber's security interest in the Collateral will be junior subordinated to (i) the CB Trustee for the benefit of the holders of the Restructured CBs, (ii) each Trustee for the benefit of the holders of the relevant series of the New HY Notes, (iii) the creditors with respect to other existing Permitted Pari Passu Secured Indebtedness and (iv) any other creditors with respect to future Permitted Pari Passu Secured Indebtedness.
Maturity	8 th year anniversary of the Reference Date
Interest	No interest will be payable on the principal amount
Early Redemption	No early redemption
Redemption price	200% of the Principal Amount

Conditions to Redemption	No New HY Notes or Restructured CBs shall be outstanding as of such time.
Timing	The Subscriber(s) shall subscribe for the New Junior Notes on the Exchange Date
Use of Proceeds from Issuance of New Junior Notes	100% of net proceeds from the issuance of the New Junior Notes will be deposited into a separate account maintained by the Company and shall be held as collateral to secure the Company's obligations to pay principal and interest on the New HY Notes and the Restructured CBs, and any payments required in respect of the CVRs, and shall be used solely for the foregoing purposes.

Appendix A

All coupon rates are expressed on an annual basis¹

Issue	2016			2017			June 30, 2018			December 31, 2018			2019 Onwards		
	Cash	Toggle		Cash	Toggle		Cash	Toggle		Cash	Toggle		Cash	Toggle	
		PIK	Cash		PIK	Cash		PIK	Cash		PIK	Cash		PIK	Cash
Series A Notes	0.50%	9.50%	NA	1.00%	8.50%	7.50%	2.00%	7.50%	6.50%	4.10%	5.40%	4.40%	6.10%	3.40%	2.40%
Series B Notes	0.50%	10.00%	NA	1.00%	9.00%	8.00%	2.00%	8.00%	7.00%	5.60%	4.40%	3.40%	7.60%	2.40%	1.40%
Series C Notes	0.50%	10.75%	NA	1.00%	9.75%	8.75%	2.00%	8.75%	7.75%	6.60%	4.15%	3.15%	8.60%	2.15%	1.15%
Series D Notes	0.50%	11.25%	NA	1.00%	10.25%	9.25%	2.00%	9.25%	8.25%	7.40%	3.85%	2.85%	9.40%	1.85%	0.85%
Series E Notes	0.50%	12.00%	NA	1.00%	11.00%	10.00%	2.00%	10.00%	9.00%	7.90%	4.10%	3.10%	9.90%	2.10%	1.10%
New CBs ^{2,3}	0.50%	9.00%	NA	1.00%	8.00%	7.00%	2.00%	7.00%	6.00%	4.00%	5.00%	4.00%	6.00%	3.00%	2.00%

Note:

- Interest on any overdue principal and interest will accrue at a rate which is 2% higher than the coupon rates expressed herein.
- The New CBs are subject to an optional one-year extension at the Company's option at a 10% annualized cash coupon rate.
- Conversion price of the lower of (a) HK\$2.34 per Share, and (b) the 125% of the 30 day VWAP following the resumption of trading, subject to a floor on the conversion price to ensure that new shares to be issued upon conversion of the Restructured CBs do not exceed 20% of Company's issued and outstanding share capital.