

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE
ATTENTION**

**EXPLANATORY STATEMENT IN RELATION TO A SCHEME OF
ARRANGEMENT**

BETWEEN

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投資有限公司

(an exempted company incorporated with limited liability
under the laws of the British Virgin Islands with registration number 1959066)
AND

THE SCHEME CREDITORS

(as defined in this Explanatory Statement)

**IN THE HIGH COURT OF JUSTICE OF THE EASTERN
CARIBBEAN SUPREME COURT OF THE VIRGIN
ISLANDS
COMMERCIAL DIVISION
CLAIM NO.
BVIHCOM2023/0296**

3 July 2024

This document together with its schedules and appendices comprises an explanatory statement in relation to a scheme of arrangement proposed by Knight Castle Investments Limited (爵堡投資有限公司) (the "**Company**") (the "**Scheme**"), pursuant to section 179A of the BVI Business Companies Act 2004 (as amended) (the "**Explanatory Statement**"). Reference is made to the definitions set out in Appendix 2 (*Definitions*) to this Explanatory Statement.

This Explanatory Statement is being sent to persons who it is believed are or may be Scheme Creditors at the date of this Explanatory Statement. If you have assigned, sold, or otherwise transferred, or assign, sell or otherwise transfer, your interests as a Scheme Creditor before the Record Time you must forward this Explanatory Statement and the accompanying documents at once to the person or persons to whom you have assigned, sold or otherwise transferred your interests as a Scheme Creditor.

WARNING – The contents of this Explanatory Statement have not been reviewed by any regulatory authority in the BVI, Hong Kong, Singapore or in any other jurisdiction. Neither the US Securities and Exchange Commission ("**SEC**") nor any United States state securities commission has approved or disapproved of the Scheme Consideration or determined if this Explanatory Statement is truthful or complete. Any representation to the contrary may be a criminal offence. You are strongly encouraged to exercise caution in relation to any offer pursuant to the scheme of arrangement set out in this Explanatory Statement.

You are recommended to seek your own independent financial, legal and/or tax advice immediately from your financial, legal and/or tax adviser with respect to the contents of this Explanatory Statement or the documents that accompany it or what action you should take.

This Explanatory Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities. None of the securities referred to in this Explanatory Statement may be sold, issued or transferred in any jurisdiction in contravention of applicable law. The securities proposed to be issued pursuant to the Scheme will not be registered with the SEC under the U.S. Securities Act, or the securities law of any state or other jurisdiction, and are being transferred and delivered in reliance upon certain exemptions from the registration requirements of the U.S. Securities Act. The securities proposed to be issued pursuant to the Scheme will be issued and delivered only (i) in the United States to QIBs as defined in Rule 144A and institutional Accredited Investors as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act; and (ii) outside the United States to non-U.S. persons in offshore transactions, in reliance on Regulation S under the U.S. Securities Act.

No application will be made for the listing and quotation of the New Notes or the Enhanced Return Noted on any securities exchange.

Section 309B(1) Notification—In connection with Section 309B of the SFA and the CMP Regulations 2018, 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).

This Explanatory Statement is accompanied by the Solicitation Packet, as set out at Appendix 6 (*Solicitation Packet*) to this Explanatory Statement, which is also available on the Transaction Website for Scheme Creditors to download.

The Solicitation Packet contains: (i) the Account Holder Letter (which also encloses the Election Form, the Designated Recipient Form and the Distribution Confirmation Deed) and (ii) instructions and guidance for Scheme Creditors and any person with an interest in the Notes as to how to complete those documents.

Further important information is set out under Clause 2 (*Important Notices to Scheme Creditors*) and Clause 3 (*Important Securities Law Notices*).

Queries in relation to this Explanatory Statement or the completion of the Account Holder Letter should be directed to the Information Agent as follows:

D.F. King Ltd.

Telephone: in Hong Kong +852 5803 3889; and in London: +44 20 3885 1837

Email: sanxing@dfkingltd.com

Transaction Website:

<https://www.dfkingltd.com/sanxing/>

3 July 2024

NOTES AS TO KEY DATES AND INSTRUCTIONS

- The **Custody Instruction Deadline** will be 11:00 p.m. Hong Kong time on 19 July 2024, the equivalent being 11:00 a.m. BVI time on 19 July 2024.¹
- The **Record Time** for the Scheme at which the Scheme Creditors will consider and vote on the Scheme (with or without modification) will be 11:00 p.m. Hong Kong time on 23 July 2024, the equivalent being 11:00 a.m. BVI time on 23 July 2024.²
- The **Scheme Meeting** will be held at the offices of Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola VG 1110, BVI, with any adjournment as may be appropriate, at 8:00 a.m. on 26 July 2024 BVI time, the equivalent time being 8:00 p.m. Hong Kong time on 26 July 2024 with a live video conference linked to the offices of Ogier at Central Tower 11/F, 28 Queen's Road Central, Central, Hong Kong.
- Scheme Creditors will be able to attend the **Scheme Meeting** in person or by proxy. Scheme Creditors will also be able to join by video conference (but will not be able to vote in person and/or via video conference) at (i) Ogier, Central Tower 11/F, 28 Queen's Road Central, Central, Hong Kong; or (ii) by Microsoft Teams using dial-in details which may be obtained on request from the Information Agent.
- Scheme Creditors may also dial in by telephone in listening mode using dial-in details which may be obtained on request from the Information Agent, subject to the identification process (but it will not be possible to vote at the **Scheme Meeting** by telephone).
- A formal notice convening the **Scheme Meeting** is set out in Appendix 10 (*Notice of Scheme Meeting*) to this Explanatory Statement.
- The **Scheme Sanction Hearing** (see FN 9 below) before the BVI Court to determine whether or not the BVI Court will sanction the Scheme will be fixed for hearing in due course. Scheme Creditors will have the right to attend and be heard at such hearing.
- **Instructions about actions to be taken by the Scheme Creditors** before the Scheme Meeting are set out in Clause 9 (*Scheme Creditors and actions to be taken*), along with Appendix 6 (*Solicitation Packet*) to this Explanatory Statement (which contains each of the Account Holder Letter, the Election Form, the Designated Recipient Form and the Distribution Confirmation Deed).
- Whether or not you intend to attend the Scheme Meeting, you are requested to ensure that the documents specified below are duly completed, executed and returned in accordance with the instructions set out therein so that they are submitted and received via the Transaction Website to the Information Agent as soon as possible and in any event by the dates and times set out below:

¹ The Custody Instruction Deadline is the latest date and time for delivery of Custody Instructions to the relevant Clearing System for blocking the Notes for a Noteholder to be eligible to vote at the Scheme Meeting or receive Scheme Consideration on the Restructuring Effective Date.

² Each Noteholder will need to give its instructions to the relevant Account Holder as to voting. The Record Time is the latest date and time for delivery of a duly completed Account Holder Letter to vote at the Scheme Meeting. All Scheme Claims for voting purposes are determined as at the Record Time.

Action	Actions to be taken ³	Deadline ⁴
To vote at the Scheme Meeting	- Custody Instructions to be submitted via the Clearing Systems prior to the Custody Instruction Deadline - Account Holder Letter submitted via the Transaction Website by the Record Time	<u>Custody Instruction Deadline (11:00 a.m. BVI time on 19 July 2024 / 11:00 p.m. Hong Kong time on 19 July 2024 / 4:00 p.m. London time on 19 July 2024)</u> <u>Record Time (11:00 a.m. BVI time on 23 July 2024 / 11:00 p.m. Hong Kong time on 23 July 2024 / 4:00 p.m. London time on 23 July 2024)</u>
To receive Scheme Consideration	- Custody Instructions to be submitted via the Clearing Systems prior to the Custody Instruction Deadline - Account Holder Letter submitted via the Transaction Website by the Record Time - Distribution Confirmation Deed to be executed	<u>Custody Instruction Deadline (11:00 a.m. BVI time on 19 July 2024 / 11:00 p.m. Hong Kong time on 19 July 2024 / 4:00 p.m. London time on 19 July 2024)</u> <u>Record Time (11:00 a.m. BVI time on 23 July 2024 / 11:00 p.m. Hong Kong time on 23 July 2024 / 4:00 p.m. London time on 23 July 2024)</u>

³ In relation to Scheme Creditors, all documents must be submitted to the Information Agent via the Transaction Website by Account Holders.

⁴ Scheme Creditors are required to contact Account Holders/Intermediaries to ensure that their Existing Bonds are blocked and that their instructions are received with sufficient time to enable Account Holder Letters to be submitted via the Transaction Website and received by the Information Agent prior to the Record Time.

To appoint a Designated Recipient to receive Scheme Consideration on your behalf	Designated Recipient Form via the Transaction Website (to be submitted together with Custody Instruction, the Account Holder Letter and the Distribution Confirmation Deed)	<u>Custody Instruction Deadline (11:00 a.m. BVI time on 19 July 2024 / 11:00 p.m. Hong Kong time on 19 July 2024 / 4:00 p.m. London time on 19 July 2024)</u> <u>Record Time (11:00 a.m. BVI time on 23 July 2024 / 11:00 p.m. Hong Kong time on 23 July 2024 / 4:00 p.m. London time on 23 July 2024)</u>

- Further important information is set out under Clauses 2 (*Important Notices to Scheme Creditors*) and 3 (*Important Securities Law Notices*) of this Explanatory Statement.

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1. EXPECTED TIMETABLE OF PRINCIPAL EVENTS⁵

1.1 Principal events taking place *before* the date of this Explanatory Statement are set out below marked with an asterisk* and are for information purposes only.

Event	Expected date	BVI time	Hong Kong time
Date of the RSA*	13 December 2023		
Scheme Convening Hearing*	To be determined	To be determined	To be determined
Custody Instruction Deadline (the latest time for Account Holders, to submit Custody Instructions to block Notes held with Euroclear or Clearstream)	19 July 2024	11:00am	11:00pm
Voting Deadline⁶ (being the Record Time / the latest time for lodging Account Holder Letters with the Information Agent via the Transaction Website for the purpose of voting at the Scheme Meeting)	Record Time being 23 July 2024	11:00am	11:00pm
Record Time⁷	23 July 2024	11:00am	11:00pm
Scheme Meeting⁸	26 July 2024	8:00 a.m.	8:00 p.m.

⁵ The dates in this timetable and those mentioned throughout this Explanatory Statement assume that none of the Court hearings or the Scheme Meeting are adjourned or delayed. It is also possible that the drawing up or registration of the BVI Sanction Order may be delayed if any person appeals the order.

⁶ Scheme Creditors should confirm as early as possible with their Account Holders whether there are any applicable deadlines to ensure that their Account Holder Letter is returned online via the Transaction Website to the Information Agent prior to the Record Time in order to vote.

⁷ All Scheme Claims are determined as at the Record Time. Scheme Creditors who have transferred or assigned their Scheme Claims after the Record Time will not be entitled to the Scheme Consideration and the Company will be entitled to exercise discretion as to whether it recognises any assignment or transfer of Scheme Claims after the Record Time.

⁸ The Scheme Meeting will commence at the time stated. Any Scheme Creditor that wishes to attend the Scheme Meeting in person should produce a duplicate copy of the Account Holder Letter that was executed and delivered on their behalf, evidence of personal identity (for example, a valid original passport copy or other original government-issued photographic identification copy) and, in the case of a corporation, evidence of corporate authority (for example, a valid power of attorney and/or board resolutions) at the registration desk by no later than one hour before the scheduled time of the Scheme Meeting. If the appropriate personal identification and authorisation evidence is not produced, that person may not be permitted to attend at the Scheme Meeting.

Event	Expected date	BVI time	Hong Kong time
Scheme Sanction Hearing⁹	to be determined ¹⁰		
Scheme Effective Date	the date on which a sealed copy of the BVI Sanction Order is filed with the BVI Registrar of Corporate Affairs.		
Restructuring Effective Date¹¹	to be determined and specified by the Company at a later stage, pursuant to the terms of the Scheme Document		
Bar Time¹²	means 10 a.m. BVI time, the equivalent being 10 p.m. Hong Kong time, on the date falling 3 Business Days before the Holding Period Expiry Date		
Holding Period	means the period from the Restructuring Effective Date up to the date falling 6 months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date)		
Holding Period Expiry Date	means the last day of the Holding Period		

2. IMPORTANT NOTICES TO SCHEME CREDITORS

This section contains a number of important notices to Scheme Creditors. Scheme Creditors are strongly encouraged to carefully review the notices in this section and, if necessary, seek and obtain independent legal and/or financial advice.

2.1 Defined terms

Unless the context otherwise requires, all capitalised terms used in this Explanatory Statement shall have the meanings set out in Appendix 1 (*Interpretation*) and Appendix 2 (*Definitions*) to this Explanatory Statement.

2.2 Information

(a) This Explanatory Statement has been prepared in connection with a scheme of arrangement under section 179A of the BVI Companies Act in relation to the Scheme between the Company and the Scheme Creditors, and has been prepared solely for the purpose of providing information to Scheme Creditors in relation to the Scheme.

(b) Nothing in this Explanatory Statement or any other document issued with or

⁹ The date of the Scheme Sanction Hearing and the Scheme Effective Date will depend on the Court's availability. Notice will be provided to all Scheme Creditors if the date of the Scheme Sanction Hearing changes.

¹⁰ The exact time of the Sanction Hearing is yet to be notified by the BVI Court Registry.

¹¹ This will depend upon when the conditions precedent to the Restructuring Effective Date have been satisfied.

¹² This is the last date for Scheme Creditors who missed the initial deadlines to submit the necessary documentation in order to receive Scheme Consideration during the Holding Period.

appended to it should be relied on for any purpose other than for Scheme Creditors, in their capacity as creditors of the Company, to make a decision on the Scheme. In particular and without limitation, nothing in this Explanatory Statement should be relied on in connection with the purchase or acquisition of any Scheme Claim or any other financial instruments, securities, assets or liabilities of the Company or any other Group Company.

- (c) Nothing contained in this Explanatory Statement constitutes a recommendation, or the giving of advice, by the Board, the Company or any other member of the Group to take a particular course of action or to exercise any right conferred by the Notes in relation to, buying, selling, subscribing for, exchanging, redeeming, holding, underwriting, disposing of, or converting Notes or any other financial instruments, securities, assets, claims, property interests or liabilities of the Company or any other Group Company.

2.3 Scheme Creditors

- (a) This Explanatory Statement is to be distributed to persons who it is believed are or may be Scheme Creditors at the date of this Explanatory Statement. Information on the actions that Scheme Creditors are required to take under the Scheme is set out in Clause 9 (*Scheme Creditors and actions to be taken*) of this Explanatory Statement and at Appendix 6 (*Solicitation Packet*) to this Explanatory Statement.
- (b) You are a Noteholder if you have an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time. For the avoidance of doubt, an Account Holder may also be a Noteholder, and Noteholders only will be entitled to attend and vote in person or by proxy at the Scheme Meeting.

2.4 Notice to Scheme Creditors

- (a) Without prejudice to any representations and warranties to be given by the Company in the Restructuring Documents, nothing contained in this Explanatory Statement shall constitute a representation, warranty, undertaking or guarantee of any kind, express or implied, nor any admission of any fact or liability on the part of the Company or any other member of the Group with respect to any asset to which it may be entitled or any claim against it. Without prejudice to the generality of the foregoing, nothing in this Explanatory Statement or the distribution thereof evidences to any person, or constitutes any admission by the Company or any other member of the Group, that a liability is owed to any person in respect of any claim (including without limitation any Scheme Claim) or that any person is or may be a Scheme Creditor. The failure to distribute this Explanatory Statement to any Scheme Creditor shall not constitute an admission or determination by the Company or any other member of the Group that such person is not a Scheme Creditor.
- (b) No person has been authorised by the Company to give any information or make any representations concerning the Restructuring Documents or the Scheme which is inconsistent with this Explanatory Statement and, if made, such representations shall not be relied upon as having been so authorised.
- (c) The information contained in this Explanatory Statement has been prepared based upon information available to the Company prior to the date of this

Explanatory Statement. The delivery of this Explanatory Statement does not imply that the information herein is correct as at any time subsequent to the date hereof. To the best of the Company's knowledge, information and belief, the information contained in this Explanatory Statement is in accordance with the facts and does not omit anything likely to affect the import of such information, each in a material respect. The Company has taken all reasonable steps to ensure that this Explanatory Statement contains the information reasonably necessary and material to enable Scheme Creditors to make an informed decision about how the Restructuring affects them.

- (d) None of the Group's advisers nor the Notes Trustee, the New Notes Trustee, the ERN Trustee, the Collateral Agent or any of their respective directors, employees, officers, agents, advisers, or Affiliates have verified that the information contained in this Explanatory Statement is materially in accordance with facts and does not omit anything likely to affect the import of such information in any material way, and each of those persons expressly disclaims responsibility for such information.
- (e) This Explanatory Statement has not been reviewed, verified or approved by any rating agency or any regulatory authority. Without prejudice to any representations and warranties to be given by the Company or in the Restructuring Documents, to the fullest extent permitted by law, the Company and any other member of the Group will have no tortious, contractual or any other liability to any person in connection with the use of this Explanatory Statement and the Company and any other member of the Group will not accept any liability whatsoever to any person, regardless of the form of action, for any lost profits or lost opportunity, or for any indirect, special, consequential, incidental or punitive damages arising from any use of this Explanatory Statement, its contents or preparation or otherwise in connection with it, even if the Company or any other member of the Group has been advised of the possibility of such damages.
- (f) Neither the Notes Trustee nor any of its directors, employees, officers, agents, advisers, or Affiliates is acting for, or owes any duty to, any Noteholders, nor will any of them be responsible for providing any advice to any Noteholders in relation to the Scheme or the transactions contemplated thereunder. The Notes Trustee expresses no opinion on the merits of the Scheme. Accordingly, neither the Notes Trustee nor any of its directors, employees, officers, agents, advisers or Affiliates make any recommendations as to whether any Noteholder should take any of the actions contemplated in the Scheme.
- (g) The Notes Trustee shall not be responsible for calculating, verifying or paying any amounts payable in relation to the Scheme or any late interest payable (i.e., the interest unpaid at maturity and the interest payable thereafter). The Notes Trustee shall not be required to take any steps to ascertain whether a Noteholder is eligible to receive any Instruction Fee.
- (h) The Notes Trustee shall not be responsible for monitoring the Scheme and shall not be required to take any steps to monitor or ascertain whether any event that triggers the termination of the Scheme, any of the Restructuring Documents or the RSA has occurred and will not be responsible to the Noteholders or any other person for any loss arising from any failure to do so.

2.5 Restrictions

The distribution of this Explanatory Statement to or in certain jurisdictions may be restricted by law or regulation and persons into whose possession this Explanatory Statement comes are requested to inform themselves about, and to observe, any such restrictions. Failure to comply with any such restrictions could result in a violation of the laws of such jurisdictions.

2.6 Summary only

The summary of the principal provisions of the Scheme contained in this Explanatory Statement is qualified in its entirety by reference to the Scheme itself. The full text of the Scheme is set out in Appendix 4 (*The Scheme*) to this Explanatory Statement. Each Scheme Creditor is strongly encouraged to read and consider carefully the text of the Scheme. This Explanatory Statement has been prepared solely to assist Scheme Creditors in respect of voting on the Scheme.

2.7 Conflicts

(a) In the event of a conflict between the information and terms described in:

(i)

- (A) this Explanatory Statement;
- (B) the Scheme; and/or
- (C) the Restructuring Documents (other than this Explanatory Statement and the Scheme),

the terms of the Scheme shall prevail;

(ii)

- (A) the RSA; and
- (B) this Explanatory Statement, including any of the Restructuring Documents appended to it or set out in the schedules,

the terms of this Explanatory Statement shall prevail; and

(iii)

- (A) this Explanatory Statement;
- (B) the RSA; and/or
- (C) the Restructuring Documents (other than this Explanatory Statement, the RSA and the Scheme),

the terms of the relevant Restructuring Documents shall prevail.

(b) Subject to the terms of the RSA and the Scheme, the Company shall be at liberty to modify the Scheme, or to propose a different scheme or schemes of arrangement, at any time prior to sanction of the Scheme and the filing of a copy of the sealed BVI Sanction Order to the BVI Registrar of Corporate Affairs. The

Company shall enjoy such liberty notwithstanding any actions in reliance on the Scheme or this Explanatory Statement by a Scheme Creditor or any other person.

2.8 Forward-looking Statements

- (a) **Nothing in this Explanatory Statement shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company and/or any member of the Group except where otherwise specifically stated.**
- (b) **This Explanatory Statement contains statements, estimates, opinions and projections with respect to the Company and the Group and certain plans and objectives of the Company and the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "*anticipate*", "*target*", "*expect*", "*estimate*", "*intend*", "*plan*", "*goal*", "*believe*", "*will*", "*may*", "*should*", "*would*", "*could*" or other words of similar import. These statements are based on numerous assumptions and assessments made by the Company as appropriate in light of their experience and perception of historical trends, current conditions, expected future developments and other factors which they believe appropriate. No assurance can be given that such expectations will prove to be correct. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Such forward-looking statements only speak as at the date of this Explanatory Statement. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors and uncertainties set out in Clause 11 (*Risk Factors*) of this Explanatory Statement. Each Scheme Creditor is urged to make its own assessment of the validity of such forward-looking statements and their underlying assumptions and no liability is accepted by the Company in respect of the achievement or failure thereof of such forward-looking statements and assumptions. Without limiting the above, none of the boards of the directors of the companies within the Group assumes any obligation to update or correct any forward-looking statements contained in this Explanatory Statement to reflect any change of expectations with respect thereto or any change in event, situation or circumstances on which any such forward-looking statement was based.**

2.9 Risk Factors

- (a) Scheme Creditors' attention is drawn to certain risks and uncertainties associated with the Restructuring that are set out in Clause 11 (*Risk Factors*) of this Explanatory Statement.
- (b) These important risk factors could cause the Company's and the Group's actual results and prospects to differ materially from those expressed in this Explanatory Statement (including any forward-looking statements).
- (c) **Each Scheme Creditor should carefully read and analyse such risk factors**

and uncertainties, and fully understand their impact, which may be material and adverse, on its financial condition and prospects. The statement of risk factors is not and is not intended to be an exhaustive statement of such factors or of all possible factors which might influence the decision of Scheme Creditors as regards the Scheme or any investment decision.

2.10 Disclaimer regarding preparation of the Liquidation Analysis

- (a) At the request of the Parent Guarantor and the Company, AMC Capital Advisory Services Limited ("AMC") has prepared a high-level Liquidation Analysis of the potential outcome for Scheme Creditors of the Company in the event that the Restructuring is not completed and the estimated returns to the Scheme Creditors under the terms of the Scheme (the "**Liquidation Analysis**"). A copy of the Liquidation Analysis is set out at Appendix 3 (*Liquidation Analysis*) to this Explanatory Statement.
- (b) By reviewing the Liquidation Analysis, the Scheme Creditors and any other party who gains access to the Liquidation Analysis will be deemed to have read and irrevocably agreed to comply with the following contents of this disclaimer:
 - (i) the Liquidation Analysis has been prepared solely for the benefit of the Parent Guarantor and the Company and is based on documents and information provided by the Parent Guarantor which has not been subject to independent verification, audit or checking and is disclosed in this Explanatory Statement strictly on a non-reliance basis. Attention is drawn to the basis on which the Liquidation Analysis has been prepared which is set out on page 1 of the Liquidation Analysis at Appendix 3 (*Liquidation Analysis*) to this Explanatory Statement. Additionally, and without limiting the foregoing, AMC has identified a number of limitations to the Liquidation Analysis. A full list of these limitations can be found on page 20 of the Liquidation Analysis at Appendix 3 (*Liquidation Analysis*) to this Explanatory Statement;
 - (ii) except where specifically stated, AMC has not sought to establish the reliability of the sources of any information presented to them by reference to independent evidence. The analyses presented in the Liquidation Analysis are based on estimates and assumptions, with limited information available. Where AMC has made observations and drawn conclusions from the information and analysis, unless specifically stated, these observations and conclusions have not been confirmed with the Company's management or service providers;
 - (iii) AMC assumes no liability whatsoever and make no representations or warranties, express or implied, in relation to the contents of the Liquidation Analysis, including their accuracy, completeness or verification or for any other statement made or purported to be made by or on behalf of the Parent Guarantor or Company, and AMC shall not be responsible for any reliance which Scheme Creditors may place on the accuracy or completeness of the information set out in the Liquidation Analysis. To the fullest extent permitted by law, no liability or responsibility whatsoever is accepted by AMC for any loss howsoever arising from any use of or reliance on the Liquidation

Analysis or any statement contained in this Explanatory Statement in connection therewith;

- (iv) each recipient of this Explanatory Statement should examine, analyse and evaluate, and conduct its own independent financial, legal and/or tax analysis of the information contained or referred to in this Explanatory Statement, including the Liquidation Analysis; and
- (v) the information set out in the Liquidation Analysis is subject to change at any time and AMC does not undertake to keep such information current.

2.11 Legal, tax and financial advice

- (a) **Without limiting any of the above, Scheme Creditors should not construe the contents of this Explanatory Statement or any other document in connection with the Restructuring as legal, tax or financial advice. Except as otherwise expressly stated in this Explanatory Statement, none of the Company, any member of the Group, the Notes Trustee, the New Notes Trustee, the ERN Trustee, the Collateral Agent, the Advisers or the Information Agent and their respective financial or legal advisers has expressed any opinion as to the merits of the Scheme or with respect to the effect of the Scheme.**
- (b) This Explanatory Statement has been prepared without taking into account the objectives, financial or tax situation or needs of any particular recipient of it, and consequently, the information contained in this Explanatory Statement may not be sufficient or appropriate for the purpose for which a recipient might use it. Each Scheme Creditor should conduct its own due diligence and consider the appropriateness of the information in this Explanatory Statement having regard to its own objectives, financial situations and needs. Scheme Creditors are also recommended to consult their own professional advisers as to legal, tax, financial or other aspects relevant to any action Scheme Creditors might take in relation to the Scheme and the Restructuring, or the implications/consequences of such action.
- (c) This Explanatory Statement is addressed to Scheme Creditors for their information only and no person should rely on it in formulating or reaching any investment decision other than for Scheme Creditors to make a decision whether or not to approve the Scheme. **Scheme Creditors must rely on their own due diligence and their professional advisers in their decisions with respect to the Scheme and the Restructuring.**

2.12 Other Jurisdictions

The implications of the Restructuring for Scheme Creditors who are residents or citizens of jurisdictions other than the BVI may be affected by the laws of other relevant jurisdictions. Such overseas Scheme Creditors should inform themselves about and observe any applicable legal requirements in their respective jurisdictions. Any person outside of the BVI who is resident in, or who has a registered address in, or is a citizen of, an overseas jurisdiction should consult independent professional advisers and satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme and the Restructuring, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying

any issue, transfer or other taxes due in such jurisdiction.

2.13 The Notes Trustee

The Notes Trustee, the New Notes Trustee and the ERN Trustee make no recommendations as to whether any Noteholder should take any of the actions contemplated in this Explanatory Statement. The Notes Trustee, the New Notes Trustee and the ERN Trustee have not been involved in negotiating or determining the terms of the Scheme and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to the Scheme.

2.14 Professional Advice

Noteholders are recommended to obtain professional advice on matters referred to in this Explanatory Statement. Noteholders must rely on their own due diligence and their professional advisers in their decision on the Scheme. No person has been authorised to give any information or make any representation about the Company or the Scheme other than as contained in this Explanatory Statement (including as incorporated by reference) and, if given or made, such information or representation must not be relied upon as having been authorised by the Notes Trustee, the New Notes Trustee or the ERN Trustee. Each Noteholder by receipt of any Scheme Consideration pursuant to the Scheme acknowledges that it has relied only on the information contained or incorporated in this Explanatory Statement and that it has not relied on the Notes Trustee, the New Notes Trustee or the ERN Trustee in connection with any investigation of the accuracy of any information contained in this Explanatory Statement or its investment decision (including any decision in connection with the Scheme).

2.15 Financial Statements

The audited consolidated financial statements of the Group for the year ended 2022 are set out in Appendix 8 (*Financial Statement*) and the unaudited management accounts for the three months ended March 2023 are intended to be made available on the Transaction Website.

3. IMPORTANT SECURITIES LAW NOTICES

This Explanatory Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction in contravention of applicable law. None of the securities referred to in this Explanatory Statement shall be sold, issued or transferred in any jurisdiction in contravention of applicable law.

3.1. General

- (a) The distribution of this Explanatory Statement and the offering, sale or delivery of the New Notes and the Enhanced Return Notes are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Explanatory Statement or any other materials relating to the New Notes and Enhanced Return Notes are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Explanatory Statement may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

- (b) No action has been or will be taken in any jurisdiction by the Company that would or is intended to permit a public offering, or any other offering under circumstances not permitted by applicable law, of the New Notes or the Enhanced Return Notes. Persons into whose hands this Explanatory Statement comes are required by the Company and the Group to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver New Notes or the Enhanced Return Notes or have in their possession, distribute or publish this Explanatory Statement or any other materials relating to the New Notes and/or the Enhanced Return Notes, in all cases at their own expense.
- (c) Each Scheme Creditor will be required to submit a duly completed Account Holder Letter, Distribution Confirmation Deed and, if applicable, a Designated Recipient Form in order to receive the New Notes and the Enhanced Return Notes.

3.2. U.S. Securities Law Considerations

- (d) The New Notes and the Enhanced Return Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States.
- (e) In connection with the issuance of the New Notes and the Enhanced Return Notes, the Account Holder Letter will require each Scheme Creditor (or its Designated Recipient, as applicable) who wishes to receive its New Notes and/or Enhanced Return Notes to confirm, amongst other things, that it (or its Designated Recipient, as applicable) is eligible to receive and hold such securities and will require any Scheme Creditor (or Designated Recipient, as applicable) who is located in the United States or who is a U.S. person (as defined in Regulation S) and intends to receive its New Notes or Enhanced Return Notes to make certain representations and covenants in the Account Holder Letter. If the confirmations required by the Account Holder Letter cannot be or are not given by a Scheme Creditor (or its Designated Recipient), such Scheme Creditor (or its Designated Recipient) will not be eligible to receive the relevant New Notes and the Enhanced Return Notes.
- (f) Unless otherwise approved by the Company, the New Notes and the Enhanced Return Notes will be transferred and delivered within the United States solely to QIBs and Accredited Investors. Outside the United States, the New Notes and the Enhanced Return Notes will be transferred and delivered solely to non-U.S. persons in offshore transactions in reliance on Regulation S.
- (g) If you are a U.S. person, or are located in the United States, but you are not a QIB or an Accredited Investor, you are eligible to receive this Explanatory Statement and to participate in the Scheme and the meetings described herein but you will not be eligible to receive any New Notes or Enhanced Return Notes.
- (h) The New Notes and the Enhanced Return Notes will not be listed on any U.S. securities exchange or with any inter-dealer quotation system in the United States. The Company does not intend to take any action to facilitate a market of the New Notes and the Enhanced Return Notes in the United States. Consequently, the Company believes that it is unlikely that an active trading market in the United States will develop for such Notes.
- (i) **The New Notes and the Enhanced Return Notes have not been and will not**

be registered with the SEC or any U.S. federal, state or other securities commission or regulatory authority and neither the SEC nor any U.S. federal, state or other securities commission or regulatory authority has approved or disapproved this Explanatory Statement. Any representation to the contrary is a criminal offence in the United States.

- (j) **Scheme Creditors who are citizens or residents of the United States should consult their own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.**

3.3. European Economic Area

- (k) The New Notes and Enhanced Return 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 a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**").
- (l) In addition, this Explanatory Statement has been prepared on the basis that all offers of the New Notes and the Enhanced Return Notes in the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), from the requirement to produce a prospectus for offers of the New Notes and the Enhanced Return Notes. Accordingly, any person making or intending to make any offer within the EEA of the New Notes and Enhanced Return Notes should only do so in circumstances in which no obligation arises for the Company to produce a prospectus for such offer. The Company has not authorised and does not authorise the making of an offer of any of the New Notes or the Enhanced Return Notes through any financial intermediary, other than offers made by the Company, as contemplated by this Explanatory Statement.
- (m) In relation to each member state of the EEA ("**Member State**"), no offer of New Notes or Enhanced Return Notes to the public in that Member State may be made other than to any legal entity which is a qualified investor as defined in the Prospectus Regulation (an "**EEA Qualified Investor**") or in any other circumstances falling within Article 1(3) or Article 1(4) of the Prospectus Regulation, provided that no such offer of New Notes or Enhanced Return Notes shall require the Company to publish a prospectus pursuant to Article 3(1) or Article 3(3) of the Prospectus Regulation.
- (n) In connection with the issuance of the New Notes and the Enhanced Return Notes, the Account Holder Letter will require each Scheme Creditor (or its Designated Recipient) who wishes to receive its New Notes and Enhanced Return Notes to confirm, amongst other things, that it (or its Designated Recipient, as applicable) is an Eligible Person and will require any Scheme Creditor (or its Designated Recipient, as applicable) who is located in a Member State and intends to receive their New Notes and Enhanced Return Notes to make certain representations and covenants in the Account Holder Letter (as applicable), including that it is an EEA Qualified Investor. If the confirmations required by the Account Holder Letter cannot be or are not given by a Scheme Creditor (or its Designated Recipient, as applicable), such Scheme Creditor (or its Designated Recipient, as applicable) will not be eligible to receive the relevant New Notes or the Enhanced Return Notes and will not be treated as an

Eligible Person.

- (o) For the purposes of this provision, the expression an "offer to the public" in relation to the New Notes and the Enhanced Return Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes and Enhanced Return Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes or Enhanced Return Notes, as the same may be varied in that Member State by any measure adopted in that Member State pursuant to the Prospectus Regulation (and amendments thereto).

3.4. United Kingdom

- (p) The New Notes and Enhanced Return 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 client in the United Kingdom ("UK"). For these purposes, a "retail client" is a client as defined in point (11) of Article 4(1) of UK MiFID.
- (q) In addition, this Explanatory Statement has been prepared on the basis that all offers of the New Notes and the Enhanced Return Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to produce a prospectus for offers of the New Notes and the Enhanced Return Notes. Accordingly, any person making or intending to make any offer in the UK of the New Notes or the Enhanced Return Notes should only do so in circumstances in which no obligation arises for the Company to produce a prospectus for such offer. The Company has not authorised and does not authorise the making of an offer of any of the New Notes or Enhanced Return Notes through any financial intermediary, other than offers made by the Company, as contemplated by this Explanatory Statement.
- (r) No offer of New Notes or Enhanced Return Notes to the public in the UK may be made other than to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation (a "**UK Qualified Investor**") or in any other circumstances falling within Article 1(3) or Article 1(4) of the UK Prospectus Regulation, provided that no such offer of New Notes or Enhanced Return Notes shall require the Company to publish a prospectus pursuant to Article 3(1) or Article 3(3) of the UK Prospectus Regulation.
- (s) In connection with the issue of the New Notes and Enhanced Return Notes, the Account Holder Letter will require each Scheme Creditor (or its Designated Recipient) who wishes to receive its New Notes or Enhanced Return Notes to confirm, amongst other things, that it (or its Designated Recipient) is an Eligible Person and will require any Scheme Creditor (or Designated Recipient) who is located in the UK and intends to receive their New Notes or Enhanced Return Notes to make certain representations and covenants in the Account Holder Letter, including that it is a UK Qualified Investor. If the confirmations required by the Account Holder Letter cannot be or are not given by a Scheme Creditor (or its Designated Recipient), such Scheme Creditor (or its Designated Recipient) will not be eligible to receive the relevant New Notes and Enhanced Return Notes.
- (t) For the purposes of this provision, the expression an "offer to the public" in relation to the New Notes and Enhanced Return Notes in the UK means the communication in any form and by any means of sufficient information on the

terms of the offer and the New Notes or Enhanced Return Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes and Enhanced Return Notes.

- (u) For the purposes of paragraphs (a) to (e) above, "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as retained as UK law by the European (Withdrawal) Act 2018 ("**EUWA**") and as amended by UK domestic law; and "**UK MiFID**" means Directive 2014/65/EU as retained as UK law by EUWA and as amended by UK domestic law.
- (v) This Explanatory Statement has not been approved by an authorised person for the purposes of section 21 of the UK Financial Services and Markets Act 2000. Accordingly, this Explanatory Statement is not being distributed to, and must not be passed on to, the general public in the UK. In the UK, this Explanatory Statement is for distribution only to persons who: (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order; (ii) are persons falling within Article 49(2)(a) to (d) (high net-worth companies, unincorporated associations, etc.), of the Financial Promotion Order; or (iii) are persons to whom this Explanatory Statement may be provided pursuant to Section 4.12 of the Conduct of Business Sourcebook of the UK Financial Conduct Authority (all such persons together being referred to as "**Relevant Persons**"). This Explanatory Statement is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Explanatory Statement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

3.5. Hong Kong

This Explanatory Statement has not been and will not be registered with the Securities and Futures Commission of Hong Kong or the Hong Kong Registrar of Companies. The New Notes and Enhanced Return Notes have not been and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in 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 the Laws 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. No advertisement, invitation or document relating to the New Notes or Enhanced Return Notes has been or will be issued or in the possession of any person for the purpose of being issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Notes or the Enhanced Return 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.

3.6. PRC

The New Notes and Enhanced Return Notes have not been and will not be registered under the relevant laws of the PRC. Accordingly, no offer, promotion, solicitation for sales or sale of or for, as the case may be, any New Notes or Enhanced Return Notes in the PRC will be made, except where permitted by the China Securities Regulatory Commission or where the activity otherwise is permitted under the laws of the PRC.

3.7. Singapore

- (w) This Explanatory Statement has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Explanatory Statement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of New Notes and Enhanced Return Notes may not be circulated or distributed, nor may New Notes and Enhanced Return Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:
- (i) to an institutional investor (as defined in Section 4A of 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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or
 - (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
- (x) Where the New Notes or Enhanced Return Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:
- (i) 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
 - (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
- securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Notes and Enhanced Return 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)(i)(B) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law;
 - (iv) as specified in Section 276(7) of the SFA; or
 - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.
- (y) Any reference to the SFA in this Explanatory Statement is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that

term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

3.8. British Virgin Islands

This Explanatory Statement has not been and will not be registered with the BVI Financial Services Commission. No security is or shall be offered to the public in the BVI for the purchase or subscription for the purposes of the Securities and Investment Business Act, 2010.

3.9. Scheme Creditor who is not an Eligible Person

- (z) Without limiting the information set out in this Clause 3 (*Important Securities Law Notices*), the Scheme Consideration will not be issued to a Scheme Creditor pursuant to the Scheme where such Scheme Creditor is not an Eligible Person.
- (aa) However, a Scheme Creditor who is not an Eligible Person may designate a Designated Recipient (who itself must be an Eligible Person) to receive the Scheme Consideration, *provided, however*, that when designating a Designated Recipient, a Scheme Creditor will be required to represent and warrant to the Company that it will retain no beneficial interest in the New Notes and Enhanced Return Notes designated to be held by the Designated Recipient.
- (bb) If a Scheme Creditor is an Eligible Person and fails to designate a Designated Recipient on or before the applicable deadline, all of the Remaining New Notes and Remaining Enhanced Return Notes that would otherwise have been distributed to such Scheme Creditor shall be transferred by the Holding Period Trustee to the Company

4. LETTER FROM THE SOLE DIRECTOR TO THE SCHEME CREDITORS

Dear Scheme Creditor,

KNIGHT CASTLE INVESTMENTS LIMITED (THE "COMPANY")

1. INTRODUCTION

The sole director writes to you in your capacity as a person who is, or appears to be, a Scheme Creditor. This letter forms part of the Explanatory Statement for the Scheme proposed by the Company as part of the Restructuring, the details of which are explained below. Please note that the information in this letter is not intended to be exhaustive or complete. Scheme Creditors should read the Explanatory Statement as a whole, in conjunction with the documents that accompany it (including the Solicitation Packet).

Unless otherwise specified, capitalised words or phrases used in this letter have the meanings attributed to them in Appendix 2 (*Definitions*) to the Explanatory Statement.

2. THE PURPOSE OF THE EXPLANATORY STATEMENT

As you may be aware, the Parent Guarantor and the Company have been exploring various ways to improve the financial position of the Group and secure the future of its business. Following extensive negotiations with certain Scheme Creditors, the Parent Guarantor and the Company have now come to a decision that the Restructuring, as more fully described in Clause 5 of the

Explanatory Statement, is in the best interests of those with an economic interest in the Company and the Group.

It is proposed that the implementation of the Restructuring will involve (amongst other things):

- the implementation of the Scheme, being a court approved scheme of arrangement in the BVI for the Company pursuant to section 179A of the BVI Companies Act in respect of the Group's liabilities under the Notes; and
- the entry into of the Restructuring Documents to restructure the Group's liabilities under the Notes (which, for the avoidance of doubt, will not be implemented directly by the Scheme, but the effectiveness of which will be conditional upon, amongst other things, the effectiveness of the Scheme).

A scheme of arrangement is an arrangement entered into between a company and its creditors, as provided for under section 179A of the BVI Companies Act. A scheme of arrangement enables a company to agree with its creditors, or one or more classes of its creditors, a compromise or arrangement in respect of its debts or obligations owed to those creditors. A scheme of arrangement is approved by the requisite majorities of creditors if a majority of creditors representing at least 75% in value of the relevant creditors of the Company present and voting at the scheme meeting. If the Scheme is approved by the requisite majorities of creditors and sanctioned by the BVI Court and a sealed copy of the BVI Sanction Order is filed with the BVI Registrar, the Scheme will bind all Scheme Creditors, including those creditors who voted in favour of the Scheme, those creditors who voted against it, and those creditors who did not vote at all.

The Explanatory Statement, which is provided pursuant to section 179A of the BVI Companies Act, is distributed for the purpose of providing Scheme Creditors with all the information reasonably necessary to enable the Scheme Creditors to make an informed decision on whether to approve the Scheme. A short explanation of the reasons for the Restructuring and the proposed Scheme is included below, as part of this letter.

Bird & Bird is acting as legal advisers, along with Ogier as the BVI law advisers to the Company in relation to the Scheme and the Restructuring. D.F. King Ltd. is acting as the Information Agent.

3. OVERVIEW OF THE RESTRUCTURING

The Restructuring comprises the restructuring of the existing indebtedness of the Company and Parent Guarantor under the Notes. The Restructuring will take place under and pursuant to the Scheme and the Restructuring Documents.

The Restructuring envisages that, subject to the terms of the Scheme, the Scheme Creditors will release their existing claims under and in connection with the Notes in return for receiving (or being entitled to receive) allocations of (i) the New Notes; and (ii) the Enhanced Return Notes.

In addition, as detailed below, the Company has entered into the RSA with certain Scheme Creditors. Further details regarding the commercial terms of the Restructuring are set out at Clause 5 of the Explanatory Statement.

4. RESTRUCTURING SUPPORT AGREEMENT

On 13 December 2023, the Company and the Parent Guarantor executed the RSA setting out the terms of a proposed restructuring of the Notes and invited noteholders to accede to the RSA. Details regarding the RSA are set out in the Explanatory Statement. In addition, a copy of the execution version of the RSA, as amended and restated, is available on the Transaction Website.

As at the date of the Explanatory Statement, Scheme Creditors holding an aggregate principal amount of approximately US\$64,181,000 of Notes (representing approximately 32.09% of the aggregate outstanding principal amount of all Notes) had acceded to the RSA meaning that the holders of such Notes are obliged to vote their holdings of such Notes in favour of the Scheme, subject to the terms of the RSA. The Noteholder Committee, whilst not acceding to the RSA and holding approximately 50.49% of the aggregate outstanding principal amount of all Notes, has indicated its intention to vote in favour of the Scheme.

5. FEE PAYMENTS

Instruction Fee

The RSA provides that the Scheme Creditors who accede to the RSA before the specified deadline may qualify for an Instruction Fee, provided they meet certain conditions, including casting a vote in favour of the Scheme at the Scheme Meeting. Following input from the Noteholder Committee, the Company has elected to enhance the proposed Restructuring terms by offering to pay the Instruction Fee to all Noteholders who vote in favour of the Scheme at the Scheme Meeting of record at the Record Time.

The Company has agreed on or prior to, and as a condition precedent to, the Restructuring Effective Date, to pay each Scheme Creditors' entitlement to the Instruction Fee by transfer through the Clearing System.

Work Fee

Each member of the Noteholder Committee shall be entitled to receive a share of a one-off fee in an aggregate amount equal to US\$ 1,000,000 (the "**Work Fee**"). The Company has agreed on or prior to, and as a condition precedent to, the Restructuring Effective Date, to pay an amount of US\$700,000 to the members of the Noteholder Committee and the remainder of the Work Fee shall be paid within 45 calendar days after the occurrence of the Restructuring Effective Date.

The Company believes that it was appropriate for the Group to incur the Work Fee. The Work Fee compensates the Noteholder Committee (i) by reference to the amount of work that has been and was likely to be involved in the essential role the Noteholder Committee has played in driving the Restructuring forward in the timescales required as compensation for time spent, expenses, and the opportunity cost of allocating resources away from other investments, and (ii) on the basis that the Noteholder Committee bore financial risk (proportionate to the size of their holdings) by agreeing to receive material non-public information in order to engage in meaningful negotiations,

thereby rendering them unable to trade their holdings for so long as that information remained non-public.

The Company considers that this fee is *de minimis* and not material (looked at in isolation or together with the Instruction Fee).

6. EFFECT OF THE SCHEME

Subject to the terms of the Scheme, the effect of the Scheme will be to release:

- (a) the Scheme Claims;
- (b) the Ancillary Claims; and
- (c) Claims against any Released Person arising directly or indirectly out of, in relation to and/or in connection with the Note Documents,

of Scheme Creditors in return for which Scheme Creditors will be entitled to receive distributions of Scheme Consideration (comprising the New Notes and, if the aggregate amount of Enhanced Return Notes to be issued is more than US\$10 million, the Enhanced Return Notes, depending on the individual Scheme Creditors selection and the overall amount of Enhanced Return Notes issued) in accordance with the terms of the Scheme.

Accordingly the Scheme Consideration for the Scheme Creditors will be paid or (as applicable) allocated on the Restructuring Effective Date, and will consist of:

- (a) New Notes in an aggregate principal amount of no less than 60% of the outstanding principal amount of the Notes held by each Scheme Creditor as of the Record Time; and
- (b) Enhanced Return Notes in an aggregate principal of up to not more than 40% of the outstanding principal amount of the Notes held by each Scheme Creditor as of the Record Time.

7. WHOSE RIGHTS WILL BE ALTERED BY THE SCHEME?

The Scheme will affect the rights of the Company, the Parent Guarantor, other members of the Group and the Scheme Creditors only. Certain other parties will also receive the benefit of the releases given under, and in connection with the Scheme

8. WHAT HAPPENS IF THE RESTRUCTURING FAILS?

If the Company is unable to secure sufficient support for the proposed Restructuring should the Restructuring not proceed, the Company will be unable to comply with its financial obligations under the Notes.

The Company has limited available cash (sufficient only to fund the implementation of the Restructuring and to meet ongoing operational costs during this period) and, if the Restructuring should fail, would be unable to pay its debts.

If the Scheme is not approved and implemented, it is likely that the Company will be wound up, resulting in a substantially lower return to creditors of the Company than if the Restructuring is approved and implemented. Enforcement against the Parent (including by a liquidator of the Company) likely triggers a cascade of liquidity events in the Group. The estimated recoveries in

such scenario are described in the Liquidation Analysis prepared by AMC (see Appendix 3 to the Explanatory Statement).

The recovery range outlined in the Liquidation Analysis should be compared with the anticipated recovery rates to Scheme Creditors if the Restructuring is completed successfully.

In this regard, we note as follows:

- 1) *Estimated recovery on an Insolvent Liquidation*: Based on the Company's financial position as of 31 December 2020, the estimated total recovery to Scheme Creditors upon an insolvent liquidation of the Company and other members of the Group based on the Liquidation Analysis is as follows (which assumes there would be recovery from the Intercompany Loan owed by the Parent to the Issuer)¹³:
 - **Low Case**: 29.8%
 - **Mid Case**: 34.0%
 - **High Case**: 38.1%
- 2) *Estimated Recovery following the Restructuring*: As outlined in Section 7.10, Scheme Creditors will receive Scheme Consideration on the Restructuring Effective Date, including New Notes and Enhanced Return Notes, and in cases of a Consenting Creditor, the Instruction Fee, which in combination implies a full recovery of respective Scheme Claims held by each Scheme Creditor.

As anticipated, the recovery to Scheme Creditors upon the successful implementation of the Scheme is clearly higher than the estimated recovery to Scheme Creditors upon an insolvent liquidation of the Company and other members of the Group. Accordingly, the Directors believe that the Scheme offers the Scheme Creditors the best prospects of obtaining any reasonable recovery in light of the potential economic consequences of insolvency.

9. RESTRUCTURING EXPENSES

The Group intends to fund the Instruction Fee and various fees and expenses related to implementing the Restructuring using its limited cash reserves or by entering into additional corporate financing arrangements.

10. LISTING REQUIREMENTS - SINGAPORE

As at the date of the Explanatory Statement, the Company has no intention to apply for the listing and quotation of the New Notes or the Enhanced Return Notes on any securities exchange.

11. THE DIRECTORS AND THE EFFECTS OF THE SCHEME ON THEIR INTERESTS

The current Board members of the Parent Guarantor and the sole director of the Company are listed in Clause 10 of the Explanatory Statement.

The interests of the directors of the Parent Guarantor and the Company, including in the share capital of the Parent Guarantor or Company, are also set out in Clause 10 of the Explanatory Statement.

12. SHAREHOLDERS

The list of the material shareholders of the Company as at the date of the Explanatory Statement is set out in Clause 10 of the Explanatory Statement.

13. RISK FACTORS

Certain principal risk factors that the Company and the Group will likely face in connection with and following the Restructuring are set out in Clause 11 of the Explanatory Statement. However, those risk factors are not an exhaustive list of all the potential risks and uncertainties which may be involved.

14. ACTIONS TO BE TAKEN

Scheme Creditors, Account Holders and Intermediaries

You are a Scheme Creditor if you have an economic or beneficial interest as principal in the Notes held in global form or global restricted form through the Clearing Systems as at the Record Time and have a right, upon satisfaction of certain conditions, to be issued definitive registered notes in accordance with the terms of the Notes and the Notes Indenture.

A Scheme Creditor may or may not also be an Account Holder. Account Holders are those Persons who are direct participants in the Clearing Systems with their interests in the Notes being recorded directly in the books or other records maintained by the Clearing Systems. Each Account Holder may be holding its interests in the Notes on behalf of one or more Scheme Creditors. For the avoidance of doubt, an Account Holder may also be a Scheme Creditor but only if it has a beneficial interest as principal in the Notes held in global form or global restricted form through the Clearing Systems as at the Record Time and has a right, upon satisfaction of certain conditions, to be issued definitive notes in accordance with the terms of the Notes and the Notes Indenture.

You are an Intermediary if you hold an interest at the Record Time in any Notes on behalf of another person or other persons and you do not hold that interest as an Account Holder. An Intermediary is commonly a bank or a brokerage house which does not have an account with the Depository, Euroclear or Clearstream.

Scheme Creditors and any persons with an interest in the Notes (whether as a Scheme Creditor, Account Holder or Intermediary) should read the full instructions set out in the Solicitation Packet at Appendix 6 to the Explanatory Statement and should read the Explanatory Statement as a whole, in conjunction with the Solicitation Packet appended to it. More specifically:

- **if you are a Scheme Creditor, you should read the Explanatory Statement carefully.**
- **if you are a Scheme Creditor who is not an Account Holder, you should contact your Account Holder (through any Intermediaries, if applicable) to ensure that your Account Holder takes appropriate action(s) described in the Explanatory Statement and the Solicitation Packet appended to it.**

- **if you are a Scheme Creditor who is an Account Holder, you should take the appropriate action as described below and in the Explanatory Statement and the Solicitation Packet appended to it.**

Meeting of Scheme Creditors

On 27 June 2024, the BVI Court ordered that a meeting of Scheme Creditors be convened to consider and if thought fit, approve the Scheme (with or without modification) proposed by the Company (that is, the Scheme Meeting).

A formal notice convening the Scheme Meeting is set out at Appendix 10 (*Notice of Scheme Meeting*) to the Explanatory Statement.

The Scheme Meeting will be held at the offices of Ogier, Ritter House, Road Town, Tortola VG 1110, BVI, with any adjournment as may be appropriate, at 8:00am BVI time on 26 July 2024, with a live video conference linked to the offices of Ogier at 11/F Central Tower, 28 Queen's Road Central, Hong Kong at 8:00pm Hong Kong time on 26 July 2024.

Scheme Creditors will be able to attend the Scheme Meeting in person or by proxy. Scheme Creditors will also be able to join by video conference at (i) Ogier, 11/F Central Tower, 28 Queen's Road Central, Hong Kong; or (ii) by Teams using dial-in details which may be obtained on request from the Information Agent.

Scheme Creditors may also dial in by telephone in listening mode using the dial-in details which will be published on the Transaction Website (but it will not be possible to vote at the Scheme Meeting by telephone).

Relevant documents

- **Account Holder Letter**

Among other things, the Account Holder Letter is the document that allows Scheme Creditors to vote on the Scheme and to become eligible to receive Scheme Consideration should the Restructuring Effective Date occur. A failure by a Scheme Creditor to submit, or a failure by a Scheme Creditor to procure that its Account Holder submits on its behalf (if applicable), the Account Holder Letter via the Transaction Website and received by the Record Time will mean that the voting instructions contained in that Account Holder Letter will be disregarded for the purposes of voting at the Scheme Meeting and the relevant Scheme Creditors will, subject to the Chairpersons' discretion, not be entitled to vote at the Scheme Meeting. A failure by a Scheme Creditor to submit, or a failure by a Scheme Creditor to procure that its Account Holder submits on its behalf (if applicable), the Account Holder Letter via the Transaction Website and received by the Record Time will also mean that such Scheme Creditor will not be eligible to participate in the distribution of any Scheme Consideration on the Restructuring Effective Date.

Account Holders will be required to submit the Custody Instruction to block the Notes via the Clearing Systems, prior to submitting the Account Holder Letter, and in any case prior to the Custody Instruction Deadline.

- **Election Form**

An Election Form to be completed by (or on behalf of) any Scheme Creditor wishing to elect to receive its entitlements to the Elective Scheme Consideration in the form of the New Notes and/or the Enhanced Return Notes. The election is made by a Scheme Creditor pursuant to section 2 of part 3 of the Account Holder Letter.

- **Designated Recipient Form**

The Designated Recipient Form is a form that Scheme Creditors may complete in order to appoint, should they wish, a Designated Recipient to be the recipient of some or all of the New Notes that would otherwise be issued to such Scheme Creditor. In addition, any entitlement to the Scheme Consideration by a Scheme Creditor that is not an Eligible Person may only be issued to a Designated Recipient who is an Eligible Person provided that such Scheme Creditor completes and returns a Designated Recipient Form in order to receive its pro-rata amount of the New Notes. The Designated Recipient Form is appended to the Account Holder Letter.

- **Distribution Confirmation Deed**

The Distribution Confirmation Deed is a document that each Scheme Creditor (or its Account Holder on its behalf) must complete in order to confirm, among other things, that such Scheme Creditor (or its Designated Recipient) may lawfully be issued the New Notes. The Distribution Confirmation Deed is appended to the Account Holder Letter. Failure to submit a Distribution Confirmation Deed will result in the Scheme Consideration to which that Scheme Creditor would otherwise have been entitled on the Restructuring Effective Date to become Trust Assets and be held subject to the terms of the Holding Period Trust Deed.

Voting at the Scheme Meeting

In order to vote on the Scheme, attend the Scheme Meeting and be eligible to receive Scheme Consideration, it is of the utmost importance that Scheme Creditors ensure that they follow the voting and other documentary instructions set out below and throughout the Explanatory Statement.

If you wish to vote in respect of the Scheme, please ensure that the relevant Custody Instruction is submitted via the Clearing Systems prior to the Custody Instruction Deadline and the Account Holder Letter is duly completed, executed and returned in accordance with the instructions set out therein so that it is submitted and received via the Transaction Website to the Information Agent by the Record Time being no later than 11:00 am BVI time on 23 July 2024, the equivalent being 11:00 pm Hong Kong time on 23 July 2024.

To receive the New Notes on the Restructuring Effective Date

In order to receive the New Notes and the Enhanced Return Notes on the Restructuring Effective Date, please ensure that the Account Holder Letter and Distribution Confirmation Deed are duly completed, executed and returned in accordance with the instructions set forth therein so that they are submitted via the Transaction Website and received by the Information Agent by the Record Time.

To nominate a Designated Representative to receive your New Notes

If you wish to nominate a Designated Recipient to receive any New Notes to which you may be entitled, please ensure that a duly completed and executed Designated Recipient Form is also submitted online via the Transaction Website with the other documents to be submitted to the Information Agent.

Upload of documents

All completed documents should be completed/submitted online at <https://sites.dfkingltd.com/sanxing> (being the "**Transaction Website**") to the Information Agent before the important deadlines set out above and further detailed in the Explanatory Statement and the Solicitation Packet.

We would encourage all Scheme Creditors to start the process for submitting their votes for the Scheme Meeting and submitting the documentation required to participate in a distribution of Scheme Consideration as soon as possible.

If you are in any doubt as to what action you should take in connection with the Explanatory Statement and/or the Scheme, the proposals contained in them or the documents that accompany them, you are recommended to:

- contact the Information Agent; and
- seek your own independent advice immediately from your legal, financial, tax or other independent adviser.

ANY SCHEME CREDITOR THAT FAILS TO ENSURE THAT A DULY COMPLETED AND EXECUTED ACCOUNT HOLDER LETTER, DISTRIBUTION CONFIRMATION DEED AND DESIGNATED RECIPIENT FORM, IF APPLICABLE, ARE SUBMITTED AND RECEIVED VIA THE TRANSACTION WEBSITE TO THE INFORMATION AGENT BY NO LATER THAN THE DEADLINES SET OUT IN THE SOLICITATION PACKET IN APPENDIX 6 AND IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT THEREIN WILL NOT RECEIVE ITS ENTITLEMENT TO THE SCHEME CONSIDERATION ON THE RESTRUCTURING EFFECTIVE DATE. INSTEAD, SUCH SCHEME CREDITOR'S SCHEME CONSIDERATION WILL BE HELD ON TRUST ON THE TERMS OF THE HOLDING PERIOD TRUST.

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15. DIRECTOR'S RECOMMENDATION

The sole director of the Company has reviewed this Explanatory Statement and the documents referred to in it and approves the form and content of this Explanatory Statement. For the reasons set out herein, the sole director also believes that the Scheme and the Restructuring are in the best interests of the Scheme Creditors, the Company's shareholders and its creditors as a whole. Accordingly, the sole director strongly recommends that the Scheme Creditors vote in favour of the Scheme at the Scheme Meeting. This letter has been signed by the sole director of the Company below for the purposes of making such recommendation.

Yours faithfully,

Mr. Wang Xuegang

as sole director of
Knight Caste Investments Limited

5. BACKGROUND TO THE COMPANY AND THE RESTRUCTURING

5.1 The Group's Deteriorating Financial Condition and Mitigating Actions Taken

- 4.1.1. The Company estimates that its existing internal resources may be insufficient to repay the Notes. The U.S.-China trade war and the COVID-19 pandemic have negatively impacted the Group's financial position and business operations. The challenging market conditions have also reduced the amount of financing available to the Company to refinance its debt.
- 4.1.2. In light of the Notes maturity and concentration of maturities of other indebtedness, between 2020 and 2021, the Group conducted an exchange offer as part of an overall strategy to improve its financial condition, extend its debt maturity profile, strengthen its balance sheet and improve its cash flow management. The Group offered certain eligible holders of the Notes the opportunity to, among other things, exchange their Notes for new notes with an extended maturity and terms designed to allow the Group to improve its financial condition and provide the necessary financial stability to continue as a going concern. However, the exchange offer was not successfully completed and the Group was unable to repay the Notes upon maturity in January 2021. On 11 January 2021, the Company announced the termination of the exchange offer.
- 4.1.3. Following such termination, the Company made an application pursuant to section 179A of the Act to seek sanction of the BVI Court to restructure the Notes as proposed under the terms of the Initial RSA on 6 July 2021.
- 4.1.4. The BVI Court ordered that a creditors' meeting be convened and the proposed scheme was duly approved by over 75% of the Company's creditors present and voting. By an order dated 16 August 2021, the BVI Court sanctioned the scheme proposed. The BVI Court's order dated 16 August 2021 was filed with the BVI Registrar of Corporate Affairs on 30 August 2021, and the scheme had a longstop date of 30 September 2021.
- 4.1.5. However, due to effects of the COVID-19 pandemic, the Company was unable to obtain sufficient financing, and to complete the scheme, prior to the expiry of the longstop date of 30 September 2021.
- 4.1.6. Given that the Maturity Date has long passed, and following the Company's first attempt at restructuring, the Group, together with their respective financial and legal advisers, have conducted further negotiations and discussions with the Company's creditors in a fresh attempt to restructure the Company's liabilities.

5.2 Non-payment of Notes

On 25 January 2021 the Company failed to pay all amounts due and payable under the Notes upon the final maturity date (the "**Non-payment of Notes**").

5.3 Business Operations

- (a) Established in 2005, the Group is one of the largest edible corn oil manufacturers in the PRC. Its brand 長壽花 (Longevity Flower) is one of the major edible corn oil brands in the PRC. The Group also produces lightweight aluminium alloy products, mainly through its subsidiary, Yuhang Special Alloy.
- (b) For the years ended December 31, 2021 and 2022, the Company's total revenue amounted to approximately RMB12,526 million and RMB13,457 million, respectively.
- (c) With respect to each of the Group's business segments:

- (i) **Corn Oil Manufacturing:**
 - (A) The Group was originally founded as an edible oil machinery business and has now become the leading enterprise in the corn oil processing industry. Its operations and businesses are among the largest and most established ones in the PRC's oil processing industry.
 - (B) The Group's corn oil business segment revenue was approximately RMB6,802.6 million and RMB8,009.6 million for the years ending 31 December 2021 and 2022, respectively.
 - (C) Gross profit from the Group's corn oil business segment was approximately RMB1,013.4 million, and RMB1,125.2 million for the years ending 31 December 2021 and 2022, respectively.
- (ii) **Lightweight Aluminium Alloy:**
 - (A) The Group entered into the lightweight aluminium alloy materials market in 2013 through its subsidiary, Yuhang Special Alloy Equipment Co., Ltd., and has been focusing on manufacturing high-end industrial materials and components. Its main alloy product, aluminium alloy extrudates, are mainly used in components of motor vehicles, railways, switches, transportation and other types of materials. The Group's lightweight aluminium alloy segment has experienced significant growth in recent years.
 - (B) Total revenue for the Group's lightweight aluminium alloy business was RMB3,305.2 million and RMB3,268.1 million for the years ended 31 December 2021 and 2022 respectively.
 - (C) Gross profit from the Group's lightweight aluminium alloy business segment was approximately RMB671.0 million and RMB644.5 million for the year ended 31 December 2021 and 2022.
- (iii) **Others:** In addition to the two main segments above, the Group also conducts business in several other sectors, including trade, textile and thermoelectric businesses.

5.4 Assets

- (a) Based on the Group's financial data, the current assets of the Group on a consolidated basis as at 31 December 2022 amounted to approximately RMB9,948.7 million.
- (b) The majority of the Group's current assets cannot be collected or converted into cash immediately. As of 31 December 2022 these assets may be summarised as follows:
 - (i) Cash and bank balances of approximately RMB1,580.7 million;
 - (ii) Notes receivables of approximately RMB534.8 million;
 - (iii) Accounts receivables of approximately RMB1,860.0 million;
 - (iv) Prepayments of approximately RMB1,288.0 million;

- (v) Other receivables of approximately RMB432.3 million;
 - (vi) Inventory of approximately RMB3,443.9 million; and
 - (vii) Other current assets of approximately RMB808.9 million.
- (c) The Group's cash and bank balances of approximately RMB1,580.7million as at 31 December 2022 are not sufficient to pay the debt owing in respect of the Notes because such cash and bank balances will be utilised to repay a significant amount of other debts owing by the Group, including debts that became due shortly after the maturity of the Notes and facilities that the Group entered into to refinance debt obligations that became due prior to the maturity of the Notes. Since a significant portion of these debts are secured and/or priority debt obligations, creditors of these debt obligations have indicated that they would take enforcement steps if they do not receive payment from the Group, and should one such creditor take such action or refuse to roll the maturing debts, it is likely that other creditors will follow suit resulting in a cascade of liquidity events, including an inability to roll the Group's short term bank loans.
- (d) Further details regarding the assets of the Company and the Parent Guarantor are set out in the Liquidation Analysis at Appendix 3 (*Liquidation Analysis*) to this Explanatory Statement.
- (b) Furthermore, the Company's current assets comprise the Intercompany Loan representing a book value of RMB1,304,980,000 as of 31 December 2020. The Company has no other material assets.

5.5 Financial Indebtedness

- (a) As of 31 December 2022 the Group's total indebtedness was RMB6,576.7 million, including the following:
- (i) bills payable of approximately RMB361.0 million;
 - (ii) short-term borrowings of approximately RMB2,278.5 million;
 - (iii) non-current liabilities due within one year of approximately RMB636.3 million;
 - (iv) bonds payable of approximately RMB1,711.9 million; and
 - (v) long-term payables of approximately RMB1,589.0 million.
- (b) Furthermore, the current liabilities of the Company comprise the principal amount owing under the Notes, representing a book value of RMB1,392,920,000 as of 31 December 2022. Interest continues to accrue on the principal amount owing under the Notes in accordance with the terms of the Indenture. The Company has no other material liabilities.

5.6 Q1 2023 Unaudited Financials

- (a) For the three months ended 31 March 2023, the Group generated revenue of RMB3,192.4 million, representing an increase of approximately 15.2% from RMB2,770.0 million for the same period in 2022, primarily because the business operations of the Group had gradually recovered from the adverse effects of the COVID-19 pandemic. The Group recorded gross profit of RMB160.8 million for the three months ended 31 March 2023, an decrease of approximately 1.0% from RMB162.5 million for the same period in 2022. As a

result of the above, the Group recorded net profit of RMB139.1 million for the three months ended 31 March 2023, an increase of approximately 4.5% from RMB133.1 million for the same period in 2022.

- (b) The Group recorded total assets of RMB18,826.0 million and total liabilities of RMB9,140.4 million as of 31 March 2023. As of 31 March 2023, the Group recorded total indebtedness of RMB7,592.0 million, representing RMB221.0 million of bills payable, RMB2,122.2 million of short-term borrowings, RMB628.0 million of non-current liabilities due within one year, RMB1,693.3 million of bonds payable and RMB1,589.0 million of long-term payables. The Group's net cash flow generated from operation activities and investment activities for the three months ended 31 March 2023 were RMB138.5 million and RMB1.6 million, respectively, and net cash flow used in financing activities for the same period was RMB378.9 million.

5.7 Potential Listing of Subsidiaries

The Parent Guarantor expects to apply for the listing of shares of Corn Industrial Technology and Shandong Yuhang on a stock exchange in China. The successful listings of these businesses might give the Parent Guarantor additional resources to meet its outstanding liabilities.

5.8 Post Liquidation Analysis Events

Whilst the Liquidation Analysis was prepared on the basis of 2020 audited accounts, which were issued before certain transactions including those detailed in section 5.7 above occurred. Still, AMC has assessed the potential impact of such transactions on return to the unsecured creditors based on summary details provided by the Company. Considered within the context of the Liquidation Analysis and its associated parameters, these transactions including those detailed in section 5.7 above would indicate that the return to the unsecured creditors (had these events taken place prior to year-end 2020) within the consolidated Group ex-select subsidiaries (including the bondholders at the Company) would be improved by circa 10%, thereby generating an estimated total recovery in the region of 44%.

5.9 The Appointment of Advisers

The Parent Guarantor appointed Bird & Bird as its legal advisers to review its potential options and to assist the Company in its debt restructuring negotiations with the holders of the Notes. The Parent Guarantor and Company encouraged holders of the Notes to come forward and establish contact so the Company could initiate discussions.

5.10 Negotiations in respect of the Restructuring

- (a) Since the appointment of advisers, the Parent Guarantor, together with its financial and legal advisers, has been involved in extensive negotiations and discussions with a wide range of holders of the Notes and their financial and legal advisers (including the Noteholder Committee) in relation to the restructuring of the Company's liabilities under the Indenture.
- (b) On 13 December 2023, the Company entered into the RSA setting out the terms of the Restructuring. Further details regarding the commercial terms of the Restructuring, as set out in the RSA Term Sheet, are set out in Clause 5 (*Background to the Company and the Restructuring*) of this Explanatory Statement.

5.11 The RSA

- (a) Under the terms of the RSA, the Company and the Parent Guarantor have undertaken to pay the Instruction Fee on the Restructuring Effective Date in respect of each Eligible Restricted Note (providing that, among other conditions, the relevant Consenting Creditor in respect of the Eligible Restricted Note has not committed a material breach of any terms of the RSA and votes in favour of the Scheme at the Scheme Meeting).
- (b) According to the RSA, each Consenting Creditor is entitled to an Instruction Fee, calculated by reference to the aggregate principal amount of the Eligible Restricted Notes held by such Consenting Creditor as of the Instruction Fee Deadline (provided that, among other conditions, such Consenting Creditor adheres to the terms of the RSA, including voting in favour of the Scheme at the Scheme Meeting). After consultation with the Noteholder Committee, the Company has elected to enhance the proposed Restructuring terms by offering to pay the Instruction Fee to all Eligible Creditors who have validly cast a vote in favour of the Scheme at the Scheme Meeting.
- (c) The Company has received Accession Letters from Scheme Creditors holding approximately US\$64,181,000 in aggregate principal amount of the Eligible Restricted Notes.
- (d) The RSA provides that, until the RSA is terminated, each Scheme Creditor who has acceded to the RSA will, amongst other things:
 - (i) (if applicable), work in good faith with the Issuer and its advisers to implement the Restructuring in a timely manner and in a manner consistent with the terms of the RSA and the RSA Term Sheet;
 - (ii) provide reasonable support and assistance to the Issuer (at the Issuer's cost) to prevent the occurrence of an Insolvency Proceeding in respect of the Issuer or any of its Subsidiaries, including, without limitation, supporting any application, filing and/or petition to the courts of any jurisdiction in connection with the same, including (but not limited to) filing any evidence in support of the Issuer's opposition to a creditor seeking to commence any adverse action;
 - (iii) support any actions taken by the Obligors to obtain recognition or protection of the Restructuring in a relevant insolvency or bankruptcy court of any competent jurisdiction and take all other commercially reasonable actions reasonably requested by the Issuer to implement or protect the Restructuring, but without incurring any additional liability or cost, unless at the expense of the Group;
 - (iv) notify the Issuer via the Information Agent of any purported change (whether an increase or decrease) to its holdings of Restricted Notes as soon as reasonably practicable, and in any event within five (5) Business Days from the date of such change, by sending a Transfer Notice to the Information Agent (the Information Agent may determine that any Transfer which does not adhere to such timings is not valid). Please visit the transaction website (<https://www.dfkingltd.com/sanxing/>) for further information on how the Transfer Notice needs to be submitted to the Information Agent.
 - (v) take all actions as are necessary to:

- (A) cause its Account Holder to submit to the Information Agent a duly completed Account Holder Letter in respect of the outstanding principal amount of the Notes, in which it holds an economic or beneficial interest as principal for the purposes of voting its holdings at the Scheme Record Date for the Scheme at the relevant deadline;
 - (B) attend the Scheme Meeting either in person or by proxy; and
 - (C) vote and deliver within any applicable time periods any proxies, instructions, directions or consents in respect of all Notes in which it holds a beneficial interest as principal, including (without limitation) to vote in favour of the Scheme in respect of an aggregate outstanding principal amount of all Notes in which it holds a beneficial interest as principal at the Scheme Record Date (as set out in its Account Holder Letter) at the Scheme Meeting.
- (e) The RSA also imposes certain restrictions on the actions of the Scheme Creditors who have acceded to the RSA. In particular, it provides that, until the RSA is terminated, such Scheme Creditor shall not, amongst other things:
 - (i) take, commence or continue any Enforcement Action, whether directly or indirectly, to delay the Scheme Effective Date, interfere with the implementation of the Restructuring and/or the Scheme, or the consummation of the transactions contemplated thereby;
 - (ii) object to the Scheme or any application to the BVI Court in respect thereof or otherwise commence any proceedings to oppose or alter any Scheme Document filed by the Issuer in connection with the confirmation of the Restructuring, except to the extent that such document is materially inconsistent with the terms as set out in the RSA Term Sheet); and
 - (iii) take any actions inconsistent with, or that would, or are intended to, or would be likely to delay approval or confirmation of, the Restructuring or any of the related documents, except to the extent that the Restructuring and any related documents are materially inconsistent with the terms set out in the RSA Term Sheet);
 - (iv) formulate, encourage, procure or otherwise support any alternative proposal or alternate offer for the implementation of the Restructuring or to otherwise engage in any such discussions or take any action which would delay or impede any approvals for the Restructuring; and
 - (v) sell, transfer or otherwise dispose of, or instruct any Account Holder or Intermediary that holds an interest in the Notes on its behalf to sell, transfer or otherwise dispose of, all or any part of its Restricted Notes and any additional Notes purchased or otherwise acquired by that Consenting Creditor after the date of this Agreement or its Accession Letter (as applicable) unless the transfer has been made in accordance with Clause 6 of the RSA.
- (f) The RSA provides that, until the RSA is terminated, the Company shall and the Parent Guarantor will use best endeavours to procure that the Company will, amongst other things:

- (i) pay or procure payment of the Instruction Fee;
 - (A) in accordance with Clause 5 of the RSA; and
 - (B) free and clear of and without any deduction or withholding for or on account of Tax unless it is required to make such a deduction or withholding, in which case the Instruction Fee payable shall be increased to the extent necessary to ensure that each Consenting Creditor receives a sum net of any deduction or withholding equal to the sum which it would have received had no such deduction or withholding been made or required to be made;

After consultation with the Noteholder Committee, the Company has elected to enhance the proposed Restructuring terms by offering to pay the Instruction Fee to Eligible Creditors who have validly cast a vote in favour of the Scheme at the Scheme Meeting.

- (ii) implement the Restructuring and the Scheme in the manner envisaged by, and substantially on the terms and conditions set out in, the RSA and the RSA Term Sheet;
- (iii) prepare, review and finalize (as applicable), in good faith, the Scheme Documents and any and all other documents required to implement the Restructuring, provided that they are consistent in all material respects with the terms set out in the RSA Term Sheet;
- (iv) promptly propose, file and pursue expeditiously any legal process or proceedings contemplated by or required to implement the Restructuring, including (without limitation) the BVI Scheme;
- (v) take any actions pursuant to any order of, or sanction by, any relevant courts (including, without limitation, the BVI Court) as may be required or necessary to implement or give effect to the Restructuring;
- (vi) prior to the Scheme Record Date, cancel or procure the cancellation of any Notes that it or any other member of the Group has a beneficial interest in or which it or any other member of the Group has redeemed, converted, acquired or purchased, and for the avoidance of doubt, any such Notes owned by the Group shall not be voted at the Scheme Meeting;
- (vii) use reasonable endeavours to procure that the Scheme Effective Date occurs and the Restructuring is fully implemented;
- (viii) use reasonable endeavours to obtain any necessary regulatory or statutory approvals required to permit or facilitate the Restructuring; and
- (ix) use reasonable endeavours to obtain all corporate and regulatory approvals necessary to implement the Restructuring in the manner envisaged by, and substantially on the terms and conditions set out in, the RSA and the RSA Term Sheet;
- (x) keep the Consenting Creditors reasonably informed in relation to the status and progress of the Restructuring, including following a reasonable request by any legal adviser to the Consenting Creditors; and

- (xi) not pay any dividends or make other distributions to its shareholders nor enter into any transaction other than in the ordinary course of business and for arm's length consideration.
- (g) The RSA will terminate automatically and immediately upon the earliest to occur of any of the following events:
 - (i) the Scheme not being finally approved by the requisite majorities of Scheme Creditors at the Scheme Meeting (provided that the Scheme Meeting may be postponed or adjourned to a subsequent date in order to obtain the requisite approval);
 - (ii) the BVI Court not granting a BVI Sanction Order at the hearing of the BVI Court convened for such purpose and there being no reasonable prospect of the Restructuring being effected and the Company has exhausted all avenues of appeal; and/or
 - (iii) the Restructuring Effective Date is completed in accordance with its terms.
- (h) The RSA may also be terminated:
 - (i) by mutual written agreement of the Parent Guarantor and the Super Majority Consenting Creditors;
 - (ii) at the sole discretion of the Parent Guarantor, upon notice to Consenting Creditors, if the Parent Guarantor makes a reasonable, good-faith determination that there is no reasonable prospect of successfully completing the Scheme;
 - (iii) at the election of the Majority Consenting Creditors by and upon a written notice of termination to the Company (which shall notify the other parties to the RSA), following the Company making any payment in respect of the Notes, other than in accordance with the RSA and/or the terms set out in the RSA Term Sheet; and
 - (iv) at the election of the Super Majority Consenting Creditors by and upon a written notice of termination to the Company (which shall notify the other Parties), following the occurrence of certain enumerated events.
- (i) The above is a summary only of the principal terms of the RSA made available to the Scheme Creditors.
- (i) For completeness, the Board has considered whether the payment of the Instruction Fee has an impact on the constitution of classes of Scheme Creditors for the purposes of the Scheme, and has concluded that it does not. The Instruction Fee will be paid to all Eligible Creditors who have validly cast a vote in favour of the Scheme at the Scheme Meeting. It is unlikely that a Scheme Creditor who is not eligible to receive the Instruction Fee would be persuaded to vote against (or a Scheme Creditor who is eligible to receive the Instruction Fee would be persuaded to vote for) the Scheme by reason of the existence of the Instruction Fee because: (a) the Instruction Fee is *de minimis* only and represents approximately less than 1% of the aggregate outstanding principal amount of the Notes; and (b) the alternative of an insolvent liquidation would result in the Scheme Creditors receiving returns that are significantly lower than the anticipated returns under the Scheme. In this context, the Instruction Fee is not a material factor.

6. SUMMARY OF THE NEW NOTES AND THE ENHANCED RETURN NOTES

This clause contains a brief description of the principal commercial terms of the New Notes and the Enhanced Return Notes. The summary information contained in this clause does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by references to, the more detailed information contained in the Scheme and this Explanatory Statement.

6.1 Overview

- (a) The Restructuring comprises of a restructuring of the Company's existing indebtedness under the Notes. The Restructuring has been promulgated by the Company and includes various measures which are intended to ensure that the Company and the Group can continue to operate on a going concern basis.
- (b) The Restructuring is contemplated to take place under and pursuant to the Scheme and the Restructuring Documents.
- (c) No new monies will be advanced or made available to the Company or any other member of the Group in connection with the issuance of the New Notes or the Enhanced Return Notes.
- (d) The Restructuring will not involve a restructuring of any of the Group's subsidiary level indebtedness.

6.2 Summary of the Restructuring

- (a) The terms of the New Notes will be set out in the New Notes Indenture, and the terms of the Enhanced Return Notes will be set out in the ERN Indenture.
- (b) A summary of the proposed restructuring of the Notes is set out below. The following is not intended to be complete and is subject to important limitations and exceptions. Please note that the summary provided below is not exhaustive and is subject to significant limitations and exceptions. Scheme Creditors should be aware that in the event of any discrepancies between this description and the terms of the New Notes Indenture or the ERN Indenture, the provisions of section 2.7 (*Conflicts*) dictate that the terms of the New Notes Indenture and the ERN Indenture will take precedence. Scheme Creditors are advised to refer to the form of the New Notes Indenture and ERN Indenture respectively appended at Appendix 11 (*Form of New Notes Indenture*) and Appendix 12 (*Form of ERN Indenture*) of this Explanatory Statement (which shall prevail in the event of any inconsistency). Unless otherwise indicated, all capitalised terms used in the following summary shall have the meanings assigned to those terms in the New Notes Indenture / ERN Indenture.

RESTRUCTURING OF THE NOTES	
Cancellation of Notes	Prior to the Record Time, the Issuer will cancel or procure the cancellation of any Notes that it or any other member of the Group has a direct or beneficial interest in or which it or any other member of the Group has redeemed, converted, acquired or purchased.

Scheme Consideration	The Scheme Consideration for the Scheme Creditors will be paid or (as applicable) allocated to Eligible Creditors on the Restructuring Effective Date, and will consist of: (a) Enhanced Return Notes; and (b) New Notes. Each tranche of the Scheme Consideration will be allocated among the Scheme Creditors pro rata to their holdings in the Notes at the Record Time. The Company shall distribute to each Eligible Creditor the Elective Scheme Consideration to which it is entitled, determined in accordance with the elections made in its Election Form and Schedule 1 (<i>Entitlements to the Elective Scheme Consideration</i>) of the Scheme. Under the terms of the BVI Scheme, Scheme Creditors will agree to a full release of all claims and related claims against (among others) the Issuer, the Parent Guarantor, any and all of the subsidiaries of the Parent Guarantor, and the shareholders and the officers, directors, advisers and representatives, or office-holders, of each of the foregoing in relation to the Notes in exchange for the Scheme Consideration (subject to carve-outs for fraud, dishonesty, wilful default and wilful misconduct). On the Restructuring Effective Date, all amounts due on such date will be paid or settled including, without limitation, the Instruction Fee.
Instruction Fee	The Instruction Fee will be paid to all Eligible Creditors who have validly cast a vote in favour of the Scheme at the Scheme Meeting. The Company has agreed on or prior to, and as a condition precedent to, the Restructuring Effective Date, to pay each Scheme Creditors' entitlement to the Instruction Fee by transfer through the Clearing System.
Work Fee	The Noteholder Committee Members will be entitled to the Work Fee. 70% of the Work Fee shall be paid in full in cash on or prior to, and as a condition precedent to, the Restructuring Effective Date and the remaining amount shall be paid with 45 calendar days thereafter. The Work Fee will be paid free and clear of withholding taxes.
Treatment of the Notes	On the Restructuring Effective Date and conditional upon satisfaction of all obligations of the Company under paragraphs (a) to (g) (inclusive) of clause 7.2 of the Scheme and receipt by each Scheme Creditor of its entitlement to the Scheme Consideration in full, all

	outstanding Notes will be cancelled and all guarantees in connection with the Notes will be released.
The Enhanced Return Notes	Principal amount: No more than 40% of the outstanding principal amount of the Notes. Denomination: US\$10,000 Term: 5 years from the Restructuring Effective Date. Coupon: 1.0%, paid on a semi-annual basis. Early redemption: Subject to certain conditions being satisfied, holders of the Enhanced Return Notes will have the right to require the ERN Issuer to redeem all of the outstanding principal amount of the Enhanced Return Note (the “Early Redemption Amount”) at the Early Redemption Price (as defined below) prior to the Maturity Date in the following circumstances: (a) at any time within 30 days of the completion of an IPO of Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司) (the “IPO Redemption Event”) and the IPO offer price is higher than the Reference Price (defined below); or (b) at any time within 30 days after the end of twelve (12) months following the date of the IPO (the “Final Early Redemption Event”) and the 60-day average closing price of the Company on the anniversary of the IPO is higher than the Reference Price. The Early Redemption Price payable by the ERN Issuer shall be: • At the IPO Redemption Event, the sum of (i) 100% of the outstanding principal of the Enhanced Return Notes held by the Noteholder, and (ii) the Deemed Exchange Shares deemed to be held by the relevant Noteholder multiplied by the difference between the IPO offer price and the Reference Price; or • At the Final Early Redemption Event: the sum of (i) 100% of the outstanding principal of the Enhanced Return Notes held by the Noteholder, and (ii) the Deemed Exchange Shares deemed to be held by the relevant Noteholder multiplied by the difference between the 60-day average closing price of the Company on the anniversary of the IPO and the Reference Price. The number of “Deemed Exchange Shares” shall be calculated based on (A) the quotient of (a) the outstanding principal amount of the Enhanced Return

	Notes held by the Noteholder, and (b) the Reference Price (subject to adjustment for any capital adjustment, increase or reorganization or additional issue of shares)
The Reference Price	RMB5.00 per Deemed Exchange Share Assuming a rate of RMB[7.25] per USD, and the amount of Enhanced Return Notes issued at the maximum of 40% of the outstanding principal amount of the Notes, or USD200 million, the total notional value of the Enhanced Return Notes at the Reference Price would be RMB[580] million (the “Maximum Notional Amount”). The net asset value of Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司) was [RMB2,438 million] as of [31 December 2022] (audited) and [RMB2,676] as at [31 March 2023] (unaudited). Assuming a current price-to-book valuation of 1.12x, or RMB3,000 million, the Maximum Notional Amount would be equivalent to 21.43% of the net asset value of the Company as at [31 March 2023].
The New Notes	Principal amount: The sum of (x) no less than 60% of the outstanding principal amount of the Notes; plus (y) deemed interest accrued on the principal amount of the Notes. For the purposes of sub-paragraph (y), interest on the Notes will be treated as having accrued at the rate of 7.99% per annum from 23 July 2020 until the original maturity date of the Notes (23 January 2021) and then shall be deemed to accrue at the rate of 4.0% per annum from 24 January 2021 until (but excluding) the Restructuring Effective Date. Denomination: US\$10,000 Term: 5 years from the Restructuring Effective Date. Coupon: 4.0% per annum, paid in cash on a semi-annual basis Term: Five years from the Restructuring Effective Date. Amortisation: The New Notes will amortize every 6 months at a rate of 1.0% of par value at issuance amount. Early redemption: The Issuer shall redeem the portion of the outstanding principal amount of the New Notes at the price stated below prior to the Maturity Date in the following circumstances: (a) 15% of the outstanding principal amount of the New Notes at 100% face value at any time within 90 days of the completion of an IPO of

	Changshouhua Food Company Limited (長壽花食品股份有限公司); and (b) 15% of the outstanding principal of the New Notes at 100% face value at any time within 90 days of the completion of an IPO of Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司).
Security	The following shall be provided as security for the New Notes: (a) First ranking charge over 100% shares in the Issuer; (b) Fixed and floating first ranking debenture over all the assets of the Issuer; and (c) Security assignment of all indebtedness between the Parent Guarantor and the Issuer.
Covenants	The Parent Guarantor will file with the New Notes Trustee and the ERN Trustee and make available on the Transaction Website (access to which shall be not require any confidentiality or non-disclosure agreement), and furnish to the holders or the New Notes and/or the Enhanced Return Notes upon request: (a) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of each fiscal year of the Parent Guarantor, copies of the financial statements on a consolidated basis of the Parent Guarantor in respect of such half-year period; and (b) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Parent Guarantor, copies of the financial statements on a consolidated basis of the Parent Guarantor in respect of such financial year (including a statement of income, balance sheet and cash flow statement). Any financial statements published by the Parent Guarantor shall continue to be made available on the Transaction Website and be accessible (without entry into any confidentiality or non-disclosure agreement) until the date falling six months after the date of release of such financial statements on the Transaction Website or the date of release of any more recent financial statements of the Parent Guarantor on the Transaction Website, whichever occurs first.

7. EXPLANATION OF THE SCHEME

This clause contains a brief overview of the Scheme. The summary information contained herein does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by references to, the more detailed information presented elsewhere in this Explanatory Statement and by the full text of the Scheme (as set out in Appendix 4 (*The Scheme*) of this Explanatory Statement).

7.1 Introduction

- (a) This Explanatory Statement has been prepared by the Company for the purpose of proposing the Scheme.
- (b) The Scheme is set out in Appendix 4 (*The Scheme*) of this Explanatory Statement.
- (c) This Explanatory Statement should not be relied upon as a substitute for reading the Scheme itself. If there is any inconsistency between the terms of the Scheme or any Restructuring Document and this Explanatory Statement, the terms of the Scheme and/or the Restructuring Documents (as applicable) shall prevail.

7.2 Structure and objectives of the Scheme

- (a) A scheme of arrangement enables a company to agree with its creditors, or one or more classes of its creditors, a compromise or arrangement in respect of its debts or obligations owed to those creditors. The BVI Court will consider whether it is appropriate to convene a meeting of a class or meetings of classes of creditors and, if so, the composition of the class or classes necessary so as to ensure that the meeting(s) consists of creditors whose rights against the Company which are to be released are not so dissimilar as to make it impossible for them to consult together with a view to their common interest.
- (b) The Scheme is proposed in order to implement the Restructuring to restructure the Liabilities of the Company, the Group and the Notes Subsidiary Guarantors under and/or in connection with the Notes and the Notes Documents.
- (c) The principal compromise and arrangement to be given effect by the Scheme is the release in full of all the Scheme Claims of the Scheme Creditors in consideration for which the Eligible Creditors and each Designated Recipient will receive their entitlement to the Scheme Consideration and Eligible Creditors who voted in favour of the Scheme at the Scheme Meeting will receive entitlement to Instruction Fee, all in accordance with the terms of the Scheme.
- (d) The Scheme will give effect to the Restructuring, which has the following objectives:
 - (i) to avoid the Company and other members of the Group potentially entering into insolvent liquidation (or other appropriate insolvency proceedings) at some point in the near future, as a result of which the anticipated recoveries for Scheme Creditors would be significantly less than if the Restructuring were to be completed successfully;
 - (ii) to reduce the total indebtedness of the Group, thereby creating a more stable capital structure for the Group and allowing the Group and its subsidiaries to comply with their post-Restructuring obligations and liabilities and to continue to trade on a going concern basis; and

- (iii) to increase the prospect of generating long-term value for Scheme Creditors and other of the Company's stakeholders.

7.3 What is required for a scheme of arrangement to be effective?

- (a) In the BVI, a scheme of arrangement requires the following to occur in order for it to become legally binding:
 - (i) the convening of a meeting of the Company's creditors or meetings of classes of its creditors in accordance with directions given by the BVI Court;
 - (ii) at each such meeting, obtaining the approval of at least a majority in number representing 75% or more in value of the relevant creditors of the Company present and voting at the meeting in person or by proxy;
 - (iii) the approval of the BVI Court by the making of an order sanctioning the scheme of arrangement; and
 - (iv) the delivery of a sealed copy of an order of the BVI Court sanctioning the scheme of arrangement with the BVI Registrar of Corporate Affairs.
- (b) If the Scheme is approved by the requisite majorities of creditors at the Scheme Meeting and sanctioned by the BVI Court, and a copy of the sealed BVI Sanction Order is delivered to the BVI Registrar of Corporate Affairs as set out above, the Scheme will bind all Scheme Creditors, including those creditors who voted in favour of the Scheme, those creditors who voted against it, and those creditors who did not vote at all.
- (c) The Scheme will not be sanctioned by the BVI Court unless the Court is satisfied, among other things, that:
 - (i) the Scheme Meeting was summoned and held in accordance with the Scheme Convening Order; and
 - (ii) the Scheme was approved by the requisite majorities of those who voted at the Scheme Meeting in person or by proxy;

and, in addition, the BVI Court is likely to have regard to the fact that: (i) the scheme of arrangement is, in all circumstances, fair and reasonable and the class or classes of creditors voting in respect of the scheme of arrangement have been properly constituted; (ii) the provisions of the applicable statute have been complied with; and (iii) the class (or each class) was fairly represented by those who attended the meeting and the statutory majority are acting bona fide and are not coercing the minority in order to promote interests adverse to those of the class whom they purport to represent.

7.4 Are you a "Scheme Creditor" for the purposes of the Scheme Meeting?

Information on which persons constitute Scheme Creditors and on the actions that Scheme Creditors are required to take under the Scheme is set out in the following clauses:

- (a) Clause 9 (*Scheme Creditors and actions to be taken*) to this Explanatory Statement; and
- (b) Appendix 6 (*Solicitation Packet*) to this Explanatory Statement.

7.5 Determination of Scheme Claims

- (a) All Scheme Claims will be determined as at the Record Time.
- (b) Pursuant to the Scheme:
 - (i) All Persons claiming to be Scheme Creditors must provide (or arrange for their Intermediaries and Account Holder to provide on their behalf) the Information Agent with a duly completed Account Holder Letter (in the case of a Noteholder) in respect of their Scheme Claims;
 - (ii) The Information Agent shall determine the number of votes to be assigned to a Scheme Creditor for the purposes of voting at the relevant Scheme Meetings (without double-counting, and without permitting duplicative claims or portions of claims against the Company other than for US\$1) as follows: a value equal to the sum of (i) the outstanding principal amount of the Notes held by a Scheme Creditor held and economic or beneficial interest as principal at the Record Time, and (ii) all accrued and unpaid interest relating to such notes up to (but excluding) the Record Time;
 - (iii) The Company shall assess Scheme Claims for the purposes of determining entitlements to Scheme Consideration by reference to the outstanding principal amount of Notes in which the relevant Scheme Creditor held an economic or beneficial interest as principal at the Record Time (without prejudice to the accrual of interest on the Notes as part of their Scheme Consideration);
 - (iv) The Information Agent shall use the Account Holder Letter submitted by or on behalf of a Noteholder, as verified against any relevant information provided in the Custody Instruction submitted through the Clearing System through which that Noteholder holds its interest in the Notes at the Record Time, to determine the Scheme Claim of each Scheme Creditor and any such determinations shall (in the absence of manifest error, wilful default, wilful misconduct or fraud) be conclusive and binding on the Scheme Creditors and the Company, provided, for the avoidance of doubt, that no Noteholder shall be prevented or prohibited from commencing and/or continuing any Proceedings in the event that it disputes any determinations on such basis, and for the avoidance of doubt, any such Proceeding shall be an Allowed Proceeding for the purposes of the Scheme; and
 - (v) The Chairpersons shall have absolute discretion (in the absences of manifest error, wilful default, wilful misconduct or fraud) to permit any Scheme Creditor to vote at the Scheme Meeting, notwithstanding that the Account Holder Letter had not been validly completed in accordance with the instructions set out in Appendix 6 (*Solicitation Packet*) to the Explanatory Statement or has been submitted to the Information Agent after the Record Time, provided that the Chairpersons consider that the information contained therein is sufficient to establish the right of the Scheme Creditor to vote at the Scheme Meeting.

7.6 The Scheme Meeting

- (a) The Scheme will proceed on the basis that Noteholders constitute a single class

of creditors of the Company.

- (b) The Company has obtained the Scheme Convening Order, that is an order from the BVI Court granting permission to convene the Scheme Meeting for the Noteholders to consider and vote on the Scheme. A copy of the Scheme Convening Order (regarding the convening of such meeting of Noteholders) is at Appendix 9 (*Scheme Meeting Convening Order*) to this Explanatory Statement.
- (c) The Chairperson of the Scheme Meeting shall be Nicholas Brookes, a partner of Ogier of Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, BVI (or such other person(s) of Ogier as appropriate).
- (d) The Scheme Meeting will be held at the offices of Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands, with a live video conference linked to the offices of Ogier at Central Tower 11/F, 28 Queen's Road Central, Hong Kong with any adjournment as may be appropriate, at 8:00 a.m. BVI time on 26 July 2024, with the equivalent being 8:00 p.m. Hong Kong time on 26 July 2024, subject to identification process.
- (e) Noteholders will be able to attend the Scheme Meeting in person, or, if a corporation, by an authorised representative or by proxy. Scheme Creditors will also be able to join by video conference (but will not be able to vote in person and/or via video conference) at (i) Ogier at Central Tower 11/F, 28 Queen's Road Central, Hong Kong; or (ii) by using Teams dial-in details which may be obtained on request from the Information Agent.
- (f) Scheme Creditors may also dial in by telephone in listening mode using dial-in details which may be obtained on request from the Information Agent (but it will not be possible to vote at the Scheme Meeting by telephone).
- (g) A formal notice convening the Scheme Meeting is set out in Appendix 10 (*Notice of Scheme Meeting*) to this Explanatory Statement.
- (h) To vote at the Scheme Meeting, Noteholders will be required to submit, or procure that their Account Holders submit, a valid and completed Account Holder Letter, which is included in Appendix 6 (*Solicitation Packet*) to this Explanatory Statement so that it is submitted and received via the Transaction Website to the Information Agent by the Record Time.
- (i) Noteholders may vote on the Scheme by either:
 - (i) ensuring that an Account Holder Letter is completed (including with respect to proxy voting instructions) and submitted online via the Transaction Website to the Information Agent in accordance with and by the deadlines set out in the Solicitation Packet at Appendix 6 (*Solicitation Packet*) to this Explanatory Statement; or
 - (ii) attending and voting at the Scheme Meeting in person or arranging for their proxy to attend and vote at the Scheme Meeting in person. Each Noteholder or its proxy intending to vote in person at the Scheme Meeting will be required to register its attendance at the Scheme Meeting at least one hour prior to its commencement.
- (j) Any Noteholder that wishes to attend the Scheme Meeting in person or by proxy should review the information regarding the attending of the Scheme Meeting set out in the Solicitation Packet at Appendix 6 (*Solicitation Packet*) to this

Explanatory Statement and in the formal notice convening the Scheme Meeting set out in Appendix 10 (*Notice of Scheme Meeting*) to this Explanatory Statement.

- (k) The Scheme Meeting shall require a quorum of three Scheme Creditors present in person or by proxy.
- (l) No business shall be transacted at the Scheme Meeting unless a quorum is present when the meeting proceeds to business.

7.7 Voting

- (a) The majority required to approve the Scheme is the approval of a simple majority in number of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy ("**majority in number**") representing at least 75% in value of the Scheme Claims of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy ("**majority in value**"). The Scheme Creditors present and voting at the Scheme Meeting (in person or by proxy) will be counted for the "majority in number" requirement, and the principal amount of the Scheme Claims of the Scheme Creditors present and voting at the Scheme Meeting (in person or by proxy) will be counted for the "majority in value" requirement.
- (b) To vote at the Scheme Meeting, Scheme Creditors will be required to submit an Account Holder Letter, which is included in Appendix 6 (*Solicitation Packet*) to this Explanatory Statement.
- (c) Each Scheme Creditor or its proxy intending to attend the Scheme Meeting in person will be required to register its attendance at the Scheme Meeting at least one hour prior to its commencement. Registration at the Scheme Meeting will commence no later than one hour before the scheduled start time of at 8:00 a.m. BVI time on 26 July 2024, with the equivalent being 8:00 p.m. Hong Kong time on 26 July 2024.
- (d) Any Scheme Creditor that wishes to attend the Scheme Meeting should produce a duplicate copy of the Account Holder Letter that was executed and delivered on their behalf, evidence of personal identity (for example, a valid original passport copy or other original government-issued photographic identification copy) and, in the case of a corporation, evidence of corporate authority (for example, a valid power of attorney and/or board resolutions). If appropriate personal identification and authorisation evidence is not produced, that person may not be permitted to attend or vote.
- (e) A Scheme Creditor's professional advisers will be allowed to attend the Scheme Meeting if that Scheme Creditor notifies the Chairpersons of the name of the person(s) they wish to attend prior to the Scheme Meeting. The Chairpersons will have the discretion to require professional advisers to leave the Scheme Meeting if they considers this to be necessary.
- (f) Every Scheme Creditor whose vote is validly cast in person or by its authorised representative (if a corporation) or by proxy at the Scheme Meeting shall have one (1) vote for every US\$1 of outstanding principal amount of the Eligible Restricted Notes in which it holds an economic or beneficial interest as principal as at the Record Time (without double counting).
- (g) Subject to paragraph (h) below, all Scheme Claims for voting purposes shall be

calculated as at the Record Time by the Information Agent. The Information Agent shall assess the Scheme Claims for the purposes of determining the number of votes to be assigned to a Scheme Creditor by reference to the outstanding principal amount of the Notes in which the relevant Scheme Creditor held an economic or beneficial interest as principal at the Record Time (without prejudice to the accrual of interest on the Notes and the right of Noteholders to receive any cash consideration as part of their Scheme Consideration). The Information Agent shall use the Account Holder Letter submitted by or on behalf of a Noteholder, as verified against the relevant information provided in the custody instruction form through the Clearing System through which that Noteholder holds its interest in the Notes at the Record Time to determine the Scheme Claim of each Scheme Creditor and any such determinations shall (in the absence of manifest error, wilful default, wilful misconduct or fraud) be conclusive and binding on the Scheme Creditors and the Company, provided that no Noteholder shall be prevented or prohibited from commencing and/or continuing any Proceedings in the event that it disputes any such determination, and for the avoidance of doubt, any such Proceeding shall be an Allowed Proceeding for the purposes of the Scheme.

- (h) The Chairpersons shall have absolute discretion (in the absence of manifest error, wilful default, wilful misconduct or fraud) to permit any Scheme Creditor to vote at the Scheme Meeting, notwithstanding that the Account Holder Letter had not been validly completed in accordance with the instructions set out in Appendix 6 (*Solicitation Packet*) to this Explanatory Statement or has been submitted to the Information Agent after the Record Time, provided that the Chairpersons consider that the information contained therein is sufficient to establish the right of the Scheme Creditor to vote at the Scheme Meeting.
- (i) The Chairpersons of the Scheme Meeting will collate the votes from each Scheme Creditor and will add the votes during the Scheme Meeting. The Chairpersons will be responsible for counting the votes. The Chairpersons shall then report to the Scheme Creditors as to whether the Scheme has been approved.
- (j) For the purposes of voting at the Scheme Meeting, any vote need only indicate whether the Scheme Creditor casting such vote approves or does not approve the Scheme.
- (k) Subject to any inherent jurisdiction of the BVI Court, the decision of the Chairpersons of the Scheme Meeting as to the admission of votes at that meeting shall be final and binding to the fullest extent permitted by law for the purposes of, and in relation to the proceedings at, the Scheme Meeting.
- (l) The BVI Court has directed that Citivic Nominees Limited, in its capacity as nominee of the Depositary will not vote in respect of the notes at the Scheme Meeting.

7.8 Sales, Assignments and Transfers

Neither the Company nor the Information Agent shall be under any obligation to recognise any sale, assignment or transfer of any Scheme Claim after the Record Time for the purposes of determining entitlement to attend and vote at the Scheme Meeting, provided that the Company or its Information Agent may (in its sole discretion and subject to the production of such other evidence as it may reasonably require) recognise

such sale, assignment or transfer for the purposes of determining entitlements to the Scheme Consideration. A transferee of Scheme Claims after the Record Time will, however, be bound by the terms of the Scheme in the event that it becomes effective.

7.9 BVI Court Sanction Hearing and Filing of the BVI Sanction Order

- (a) If the requisite majorities of the Scheme Creditors vote to approve the Scheme at the Scheme Meeting, a hearing will be required before the BVI Court to determine whether to sanction the Scheme.
 - (b) Any Scheme Creditor is entitled (but not obliged) to attend the hearing to support or oppose the sanction of the Scheme.
 - (c) The BVI Court Sanction Hearing is will be fixed in due course, with the exact time to be notified by the BVI Court Registry.
- (a) Upon the filing of a sealed copy of the BVI Sanction Order with the BVI Registrar of Corporate Affairs, the Scheme Effective Date will occur and the Scheme will become effective and bind all Scheme Creditors, including those Scheme Creditors who voted in favour of the Scheme, those Scheme Creditors who voted against it, and those Scheme Creditors who did not vote at all.

7.10 Effect of the Scheme

- (a) On the Restructuring Effective Date, all of the rights, title and interest of Scheme Creditors in respect of:
- (i) Scheme Claims;
 - (ii) Ancillary Claims; and
 - (iii) Claims against any Released Person arising directly or indirectly out of, in relation to and/or in connection with the Note Documents;

whether before, at or after the Record Time shall be subject to each of the arrangements and compromises set out in the Scheme.

- (b) On the Restructuring Effective Date:
- (i) the Company shall pay to each Eligible Creditor that has validly cast a vote in favour of the Scheme at the Scheme Meeting the amount of the Instruction Fee to which it is entitled. Payment shall be made by way of transfer to the Clearing Systems cash account linked to the securities account in which the Notes to which that Eligible Creditor was entitled at the Record Time were held (as specified in its Account Holder Letter);
 - (ii) the Company shall ensure and procure that each of the New Notes Documents and the ERN Documents is executed and delivered by the parties thereto;
 - (iii) the Company shall distribute to each Eligible Creditor the Elective Scheme Consideration to which it is entitled, determined in accordance with the elections made in its Election Form and Schedule 1 (*Entitlements to the Elective Scheme Consideration*) of the Scheme.
 - (iv) the Company shall ensure and procure that:
 - (A) the New Global Notes are executed and delivered to the New Depositary and interests in the New Global Notes are credited in the relevant amounts to the

accounts in the Clearing Systems designated by the Eligible Creditors in their Account Holder Letters, such that each Eligible Creditor receives its entitlement to the Elective Scheme Consideration, determined in accordance with the elections made in its Election Form and Schedule 1 (*Entitlements to the Elective Scheme Consideration*) of the Scheme; and

- (B) give all such instructions as are required to be given by it to the New Notes Trustee, the ERN Trustee and/or the New Depositary for this purpose;
- (v) the Company shall deliver to:
 - (A) the New Notes Trustee and the Collateral Agent:
 - a copy of a duly binding, valid and enforceable Intercompany Loan Agreement; and
 - satisfactory evidence that SAFE registrations and/or approvals in connection with the New Notes, the Parent Guarantee, the Intercompany Loan Agreement and the New Notes Security Assignment have been obtained and are in full force and effect, including registration and/or approvals for conversion of RMB funds into U.S. dollar funds and transfer of U.S. dollar funds from the Parent Guarantor to the Company or the New Notes Trustee or the Collateral Agent pursuant to or in connection with the New Note Documents; and
 - (B) the Collateral Agent satisfactory evidence that:
 - the Company has given notice of assignment and the Parent Guarantor has acknowledged such notice in accordance with clauses 3.3(a) and 3.3(b) of the New Notes Security Assignment, respectively;
 - the Company has complied with its obligations under clauses 7.1(a) and 17.1 to 17.3 of the New Notes Share Charge, including, without limitation, its obligation to register the New Notes Share Charge with the Companies Registry of Hong Kong within one month from the date of the New Notes Share Charge; and
 - the Company has complied with its obligations under clauses 4.3, 20.1 and 20.2 of the New Notes Debenture; and
 - (C) the ERN Trustee evidence that SAFE registrations and/or approvals in connection with the Enhanced Return Notes and the ERN Guarantee have been obtained and are in full force and effect, including registration and/or approvals for conversion of RMB funds into U.S. dollar funds and transfer of U.S. dollar funds from the Parent Guarantor to the Company or the ERN Trustee pursuant to or in connection with the ERN Documents; and
 - (D) the New Notes Trustee, the ERN Trustee and the Collateral Agent:
 - a copy of the acceptable form resolutions of the board of directors of each member of the Group that is a party to a Transaction Document:

- approving the terms of, and the transactions contemplated by, the Transaction Documents to which that member is a party and resolving to execute such Transaction Documents; and
 - authorising a specified person or persons to execute those Relevant Documents (and all documents and notices to be signed and/or dispatched under those documents) on its behalf; and
 - a copy of the acceptable form resolutions signed by the shareholders of each member of the Group that is a party to a Transaction Document approving the terms of, and the transactions contemplated by, the Transaction Documents to which that member is a party.
- (vi) all Residual Scheme Consideration shall be transferred to the relevant accounts designated by the Holding Period Trustee and the Holding Period Trustee shall enter into the Holding Period Trust Deed pursuant to which it will hold the Residual Scheme Consideration on trust for the Ineligible Creditors in accordance with the terms of the Holding Period Trust Deed; and
- (vii) to the extent not already completed prior to the Restructuring Effective Date:
- (A) the Company shall pay all fees, costs and expenses of all of: (i) the Advisers by way of transfer of such amounts to the bank account specified by each of the relevant Advisers; and (ii) the Information Agent, the Holding Period Trustee, the Notes Trustee, the New Notes Trustee and the agents of the New Notes, and the ERN Trustee and the agents of the Enhanced Return Notes pursuant to the terms agreed between the Company and the relevant party and subject to any agreed caps (including under the RSA) that have been duly invoiced by no later than five (5) Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company with the relevant party or parties); and
 - (B) the Company shall pay to each Noteholder Committee Member its respective entitlement to the first instalment of the Work Fee, being an aggregate amount of US\$700,000, to the bank account notified by such Noteholder Committee Member to the Company.
- (b) On the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (g) of Clause 7.2 of the Scheme:
- (i) the Company shall ensure that the Global Notes representing the Notes are cancelled by the Depositary and shall give all such instructions as are required to be given by it (or for and on behalf of each Scheme Creditor) to the Notes Trustee, Depositary and/or the Notes registrar (to the extent the Notes register is to be updated) for such purpose;
 - (ii) the Company shall, for and on behalf of each Scheme Creditor, execute the Deed of Release; and
 - (iii) the respective rights and obligations of the Scheme Creditors (including, for the avoidance of doubt, any Person that acquires an interest in the Notes after the Record

Time), the Company, the Parent Guarantor, any other members of the Group and the Notes Trustee towards one another under the Note Documents will terminate.

- (c) Within 45 Business Days after the Restructuring Effective Date, the Company shall pay to each Noteholder Committee Member its respective entitlement to the second instalment of the Work Fee, being an aggregate amount of US\$300,000, to the bank account notified by such Noteholder Committee Member to the Company.

7.11 Scheme Creditor Undertakings and Releases

- (a) In consideration for its entitlement to the Scheme Consideration each Scheme Creditor hereby gives the undertakings, releases and waivers in clause 11 of the Scheme.
- (b) With effect on and from the Restructuring Effective Date and conditional upon each Eligible Creditor having received its entitlement to the Scheme Consideration in full, each Scheme Creditor conclusively, irrevocably, unconditionally, fully and absolutely:
 - (i) waives, discharges and releases the Released Persons and the Notes Trustee from their respective obligations and liabilities (actual, contingent, present and future) under or in connection with the Note Documents other than any Excluded Liability;
 - (ii) (save for any Excluded Liability) waives, discharges and releases all of its rights, title and interest in and to its Scheme Claims and its Ancillary Claims in consideration for its entitlement to receive the Scheme Consideration in accordance with the terms of the Scheme;
 - (iii) (save for any Excluded Liability) waives, discharges and releases any right or remedy it may have under or otherwise related to the Note Documents, the RSA and/or otherwise against any Released Person and/or the Notes Trustee in relation to any breaches or defaults under the Note Documents, the RSA or other actions occurring on or before the Restructuring Effective Date or that may occur as a result of or in connection with the implementation of the Scheme and/or the Restructuring;
 - (iv) ratifies and confirms everything which any Released Person may lawfully do or cause to be done in accordance with any authority conferred by the Scheme and for the purpose of giving effect to the Scheme, and agrees not to challenge:
 - (A) the validity of any act done or omitted to be done as permitted by the terms of the Scheme; or
 - (B) the exercise or omission to exercise of any power conferred in accordance with the provisions of the Scheme;

in each case, other than any act or omission done or made as a result of gross negligence, wilful default, wilful misconduct or fraud on the part of any Released Person;

- (v) (save for any Excluded Liability) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against any Released Person and the Notes Trustee;
- (vi) (save for any Excluded Liability) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against the Advisers and their respective Personnel and Affiliates and the Notes Trustee;

- (vii) (save for any Excluded Liability) any Claim it ever had, may have or hereafter can, shall or may have, whether in this jurisdiction or any other or under any law, of whatsoever nature and howsoever, against any Third Party Released Person in connection with the preparation, negotiation, sanction or implementation of the Scheme and the Restructuring Documents;
 - (viii) waives, releases and discharges any Claim which it ever had, may have or hereafter can, shall or may have against each Noteholder Committee Member, its successors and assigns, and their respective advisers, Personnel and Affiliates and
 - (ix) undertakes to the Released Persons that it will not, and shall use all reasonable endeavours to procure that its Scheme Creditor Parties will not, commence or continue, or instruct, direct or authorise any other Person to commence or continue, any Proceedings in respect of or arising from any Released Claim.
- (c) The releases, waivers and undertakings under clause 11 of the Scheme shall:
- (i) not prejudice or impair any rights of any Scheme Creditor or have the effect of waiving, releasing or discharging any Liability of a Released Person:
 - (A) arising or otherwise created under the Scheme;
 - (B) arising from or in connection with any breach of any term of any Restructuring Document or any actual or purported rescission or repudiation of a Restructuring Document
 - (ii) apply to any right to commence and/or continue and/or instruct any other person to commence or continue any (i) Allowed Proceeding; and/or (ii) any Proceeding to enforce its rights under or in relation to the Restructuring Documents; or
 - (iii) not prejudice or impair any Claims or causes of action of any Scheme Creditor arising from or relating to the negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct of any party which is seeking to rely on such releases, waivers or undertakings;
 - (iv) not require a Scheme Creditor to procure any undertaking or acknowledgement from, or action by any entity from which such Scheme Creditor acquired its rights in respect of any Scheme Claim and/or to whom such Scheme Creditor has transferred or transfers its rights in respect of any Scheme Claim; and
- (d) not extend to any Liability of any Adviser arising under a duty of care to its client.

7.12 Restructuring Effective Date

The Restructuring Effective Date shall only occur following the satisfaction of all of the conditions set out in clause 17 of the Scheme.

7.13 Foreign Representative

The BVI Court has appointed Mr. Wang Chenggang as the Company's foreign representative, authorised to act as such for the purposes of any proceedings commenced under Chapter 15 of the U.S. Bankruptcy Code (Title 11 of the United States Code) and such other relief as the BVI Court may deem appropriate in the United States or elsewhere under the relevant local laws (the "**Foreign Representative**"), should such proceedings be required. The Foreign Representative will be authorised on behalf of the Company to take any and all steps deemed necessary or desirable to carry

out the purpose and intent of the Scheme including filing any petition or other request for relief intended to be filed under Chapter 15 of the U.S. Bankruptcy Code and/or under other relevant local laws, to the extent required.

8. RESTRUCTURING DOCUMENTS

- (a) The Restructuring Documents comprise all documents, agreements, instruments, board resolutions, shareholder approvals, releases, notices and legal opinions necessary to implement or consummate the Restructuring in accordance with the terms of the Scheme.
- (b) The Restructuring Documents include, but are not limited to, the following principal documents:
 - (i) the Scheme;
 - (ii) the Account Holder Letter;
 - (iii) the New Global Notes;
 - (iv) the New Notes;
 - (v) the New Note Documents;
 - (vi) the Enhanced Return Notes;
 - (vii) the ERN Documents;
 - (viii) the Deed of Release; and
 - (ix) the Holding Period Trust Deed; and
 - (x) any related guarantee or security documents.
- (c) Copies of all of the above listed principal Restructuring Documents will be available for viewing on the Transaction Website. Scheme Creditors are strongly encouraged to review the detailed terms of the Restructuring Documents in full and are recommended to seek their own independent financial, legal and/or tax advice from their financial, legal and/or tax adviser with respect to the contents of the same.
- (d) Copies of all of the above listed principal Restructuring Documents will also be obtained free of charge by Scheme Creditors from 9:00 a.m. to 5:00 p.m. (BVI time) on any day (other than Saturdays, Sundays or statutory holidays in the BVI) prior to the day appointed for the Scheme Meeting from Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands and from 9:00 a.m. to 5:00 p.m. (BVI time) on any day (other than Saturdays, Sundays or statutory holidays in Hong Kong) prior to the day appointed for the Scheme Meeting, from Ogier, Central Tower 11/F, 28 Queen's Road Central, Hong Kong.

9. SCHEME CREDITORS AND ACTIONS TO BE TAKEN

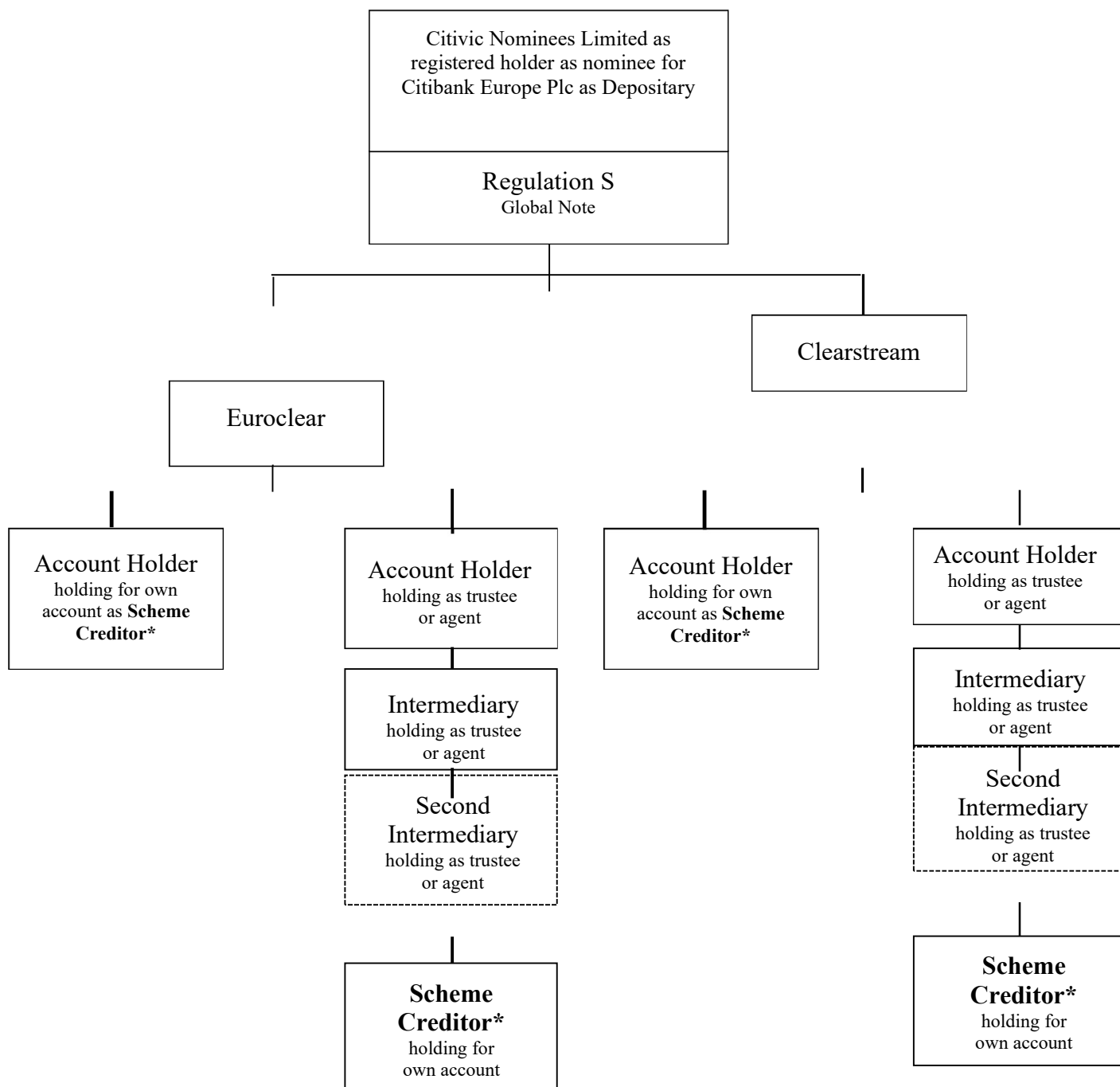
9.1 Are you a Scheme Creditor?

- (a) Scheme Creditors (for the purpose of determining entitlement to voting) include (for the avoidance of doubt, but without double counting in each case):
 - (i) **Account Holders:** you are an Account Holder if you are recorded directly in the books or other records maintained by the Clearing Systems as holding an interest in the Notes at the Record Time;

- (ii) **Intermediaries:** you are an Intermediary if you hold an interest at the Record Time in any Notes on behalf of another person or other persons and you do not hold that interest as an Account Holder. An Intermediary is commonly a bank or a brokerage house which does not have an account with any of the Clearing Systems;
- (iii) **Noteholders:** you are a Noteholder if you have an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time. For the avoidance of doubt, an Account Holder may also be a Noteholder; and
- (iv) The Depositary and the Notes Trustee.

A diagrammatic representation of each of these various capacities is set out on the following page to assist your understanding of the structure of the Notes and the Clearing Systems.

- (b) Noteholders only will be entitled to attend and vote in person or by proxy at the Scheme Meeting. If you are a Noteholder, you should read this Explanatory Statement and its Appendix 6 (*Solicitation Packet*) carefully.
- (c) The BVI Court has ordered that the Notes Trustee and the nominee of the Depositary not to vote in respect of the Notes at the Scheme Meeting.



* In respect of interests in the Notes held at the Record Time.

9.2 Actions to be Taken before the Record Time

- Scheme Creditors should refer to Section 1 (*Expected Timetable of Principal Events*) for the key expected timing of the Scheme.
- If you are a Noteholder who is not an Account Holder, you should contact your Account Holder (through any Intermediaries, if applicable) to ensure that your Account Holder takes the appropriate action(s).
- If you wish to vote in respect of the Scheme at the Scheme Meeting, you shall ensure a validly completed Account Holder Letter be submitted to the Information Agent by the **Record Time** online at the Transaction Website (<https://www.dfkingltd.com/sanxing>).
- If you wish to receive the New Notes on the Restructuring Effective Date, you

shall ensure a validly completed Account Holder Letter, Deed of Confirmation and a Designated Recipient Form, if applicable, be submitted to the Information Agent by the **Record Time** online at the Transaction Website (<https://www.dfkingltd.com/sanxing>).

- (e) Whether an Account Holder Letter has been duly completed shall be determined by the Information Agent at its discretion, provided that, if the Information Agent considers any such document not to have been duly completed, the Information Agent shall promptly send an email with its reasons for that conclusion to the party that provided the relevant document.
- (f) Unless due to wilful misconduct or fraud, none of the Company, the Information Agent, or any other person will be responsible for any loss or liability incurred by a Scheme Creditor as a result of any determination by the Information Agent.

9.3 Entitlement to receive Scheme Consideration

- (a) Each Scheme Creditor who (1) submits the required documents set out in paragraph 9.5(d) above to the Information Agent before the Record Time and (2) makes the relevant Securities Law Representations or nominates a Designated Recipient who makes the relevant Securities Law Representations, will be an Eligible Creditor and will receive its entitlement to the Elective Scheme Consideration (as determined in accordance with the provisions of the Scheme) on the Restructuring Effective Date.
- (b) Any Scheme Creditor who fails to (1) submit the required documents set out in paragraph 9.5(d) above to the Information Agent before the Record Time or (2) make the relevant Securities Law Representations and no Designated Recipient has been nominated by such Scheme Creditor who is able to make the relevant Securities Law Representations, will be an Ineligible Creditor. An Ineligible Creditor's entitlement to the Elective Scheme Consideration will be transferred to the Holding Period Trustee to be held in accordance with the terms of the Holding Period Trust Deed.
- (c) The Scheme Consideration will be distributed through Euroclear and Clearstream.

9.4 Actions to be taken before the Bar Time

- (a) An Ineligible Creditor should submit (or procure the submission of, as applicable), as soon as possible, a duly completed and executed Account Holder Letter, Distribution Confirmation Deed and a Designated Recipient Form, if applicable, to the Information Agent via the Transaction Website as soon as possible and not later than the Bar Time for receiving its prorated portion of Trusts Assets from the Holding Period Trustee on the Holding Period Expiry Date.
- (b) If an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, that Ineligible Creditor's rights under the Schemes shall be extinguished and that Ineligible Creditor shall not be entitled to receive any Trust Assets under the Scheme.
- (c) Immediately after the Bar Time, any remaining Trust Assets held by the Holding Period Trustee shall be held on trust by the Holding Period Trustee on the terms of this Deed for and on behalf of, and distributed pro rata to, the Eligible Creditors, such that each Eligible Creditor will receive a share of the Trust Assets calculated on the basis of the proportion that the Scheme Claim by that

Eligible Creditor bears to the aggregate Scheme Claims at the Record Time.

9.5 Custody Instructions and Undertaking not to Transfer

- (a) Custody Instructions are irrevocable instructions which prevent transfers of the Notes until the Restructuring Effective Date or until the Notes are unblocked in accordance with paragraph (f) below. These restrictions are necessary to prevent the same holding of Notes being voted more than once.
- (b) Any Scheme Creditor that procures the submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any New Notes on the Restructuring Effective Date) must block its Notes by ensuring that its Account Holder, prior to delivering the Account Holder Letter to the Information Agent, submits a Custody Instruction to block its Notes held with Euroclear or Clearstream by the Custody Instruction Deadline and includes in the relevant Account Holder Letter reference to the Custody Instruction Reference Number. An Account Holder Letter will not be valid for the purposes of voting at the Scheme Meeting or receiving the Scheme Consideration on the Restructuring Effective Date and the Company reserves the right to reject any Account Holder Letter that does not contain reference to a valid Custody Instruction Reference Number.
- (c) By completion of the Account Holder Letter with inclusion of the Custody Instruction Reference Number, each Scheme Creditor will be deemed to have given the undertaking that it will not, from the date of delivery of its Account Holder Letter, sell, transfer, assign or otherwise dispose of its interest in all or any part of its specified Notes until the Restructuring Effective Date or until the Notes are unblocked in accordance with paragraph (f) below.
- (d) For the avoidance of doubt, all Notes (even those in respect of which no Custody Instructions were given) will be blocked from trading by the Clearing Systems on or promptly following the Scheme Effective Date.
- (e) Any documentation and relevant Custody Instruction submitted by or on behalf of a Scheme Creditor shall be irrevocable for all purposes in connection with the Scheme unless and until the Notes are unblocked in accordance with paragraph (f) below.
- (f) The Notes shall be unblocked:
 - (i) automatically, without any further action by the Company, within two (2) Business Days after one of the circumstances below occurs:
 - (A) the Scheme is not approved by the requisite majorities of the Scheme Creditors at the Scheme Meeting (provided that the Scheme Meeting may be postponed or adjourned to a subsequent date in order to obtain the requisite approval);
 - (B) the BVI Court not granting a Sanction Order at the hearing of the BVI Court convened for such purpose and the Company has exhausted all avenues of appeal with the BVI Court;
 - (C) the Company and/or the Parent Guarantor gives written notice of an intention not to proceed with the Scheme; or
 - (ii) if the Company at its sole discretion consents to unblock the Notes, and in each case the Information Agent be and is hereby irrevocably instructed and authorised by the Company to cause the Notes to be unblocked.

9.6 General Instructions for Scheme Creditors

- (a) Please give ample time to allow your Account Holder and/or Intermediary to process your instructions and submit the required documentation on your behalf. To ensure timely submission of your Account Holder Letter in accordance with the timetable set out in this Explanatory Statement, please check with your Account Holder for clarification as to the processing time required and deliver the appropriate materials well before that time.
- (b) Please note that the Clearing System through which your interest in the Notes is held may impose an earlier deadline for the submission of Custody Instructions and/or Account Holder Letters. To ensure timely submission of your Custody Instructions and Account Holder Letter, please ask your Account Holder to check with the relevant Clearing System as to whether any earlier deadline is applicable and ensure your Custody Instructions and Account Holder Letter are submitted well before any applicable deadlines.
- (c) Any Scheme Creditor that fails to submit required documentation prior to the deadlines as set out above will not be entitled to vote at the Scheme Meeting. Such Scheme Creditor will, however, be bound by the terms of the Scheme in the event that it becomes effective and any Notes held by such Scheme Creditor will be cancelled on the Restructuring Effective Date in accordance with the terms of the Scheme.

10. FURTHER DETAILS REGARDING THE COMPANY

10.1 The Company and the Parent Guarantor

- (a) The Company is a limited company incorporated under the laws of the BVI on 26 October 2017.
- (b) The Company's registered office is Wickhams Cay II, Road Town, Tortola, VG1110, BVI.
- (c) The sole director of the Company is Mr. Wang Xuegang.
- (d) The Parent Guarantor is a limited company incorporated under the laws of the PRC on 24 April 2003.
- (e) The Parent Guarantor's principal place of business is in Zouping County, Binzhou City, Shandong Province, China.
- (f) The Parent Guarantor's headquarters is in Shandong Province and is located at Handian industrial park in Zouping County and telephone number is 0543-4619279.
- (g) The Parent Guarantor's website address is <http://www.chinasanxing.cn/>.
- (h) As at the date of this Explanatory Statement the Company has 10,000 shares in issue, all of which are fully paid up.
- (i) The following table sets forth information regarding beneficial ownership of the Parent Guarantor's ordinary shares as at the date of this Explanatory Statement, by (i) its directors and senior management and (ii) those persons known to the Parent Guarantor to beneficially own 5% or more of our outstanding shares:

Name of substantial shareholder	Capacity	Approximate percentage of the issued share capital of the Company
Mr. WANG Mingfeng	Beneficial owner	29.49%
Mr. WANG Mingliang	Beneficial owner	29.39%
Mr. WANG Mingxing	Beneficial owner	25.50%

10.2 Structure of the Group

The structure of the Group as at the date of this Explanatory Statement is set out in the diagram at Appendix 7 (*Group Structure Chart*) to this Explanatory Statement.

10.3 Listing of the Notes on the SGX-ST

- The Notes were listed on the SGX-ST.
- Following the Restructuring Effective Date and the cancellation of the Notes, the Company will announce the cancellation of the Notes. The SGX-ST will thereafter de-list the Notes.

10.4 Directors and senior management of the Company and the Parent Guarantor

- The sole director of the Company is Wang Xuegang (王学刚).
- The Parent Guarantor's Board consists of three directors.
- As of the date of this Explanatory Statement, the Parent Guarantor's Board of directors is comprised as follows:

Name	Age	Position
Mr. WANG Mingfeng 王明峰	65	Chairman of the Board
Mr. WANG Mingxing 王明星	60	Vice Chairman and General Manager
Mr. WANG Mingliang 王明亮	52	Vice President

No recent changes to the Board of directors have taken place.

- Management, which comprise the Group's executive team, responsible for the day to day management of the Group, are as follows:

Name	Age	Position
Mr. HAN Yanting 韩延庭	43	Supervisor
Ms. AN Xiuping 安秀萍	49	Chief Financial Officer

10.5 Directors' interests in the Group and the Restructuring

- As at the date of this Explanatory Statement, the following Directors and chief executive officers of the Parent Guarantor hold the following interests and short positions in the Parent Guarantor:

Director	Nature of Interest	Percentage of total issued share capital
Mr. WANG Mingfeng王明峰	Beneficial owner	29.49%
Mr. WANG Mingxing王明星	Beneficial owner	25.50%
Mr. WANG Mingliang王明亮	Beneficial owner	29.39%

- (b) Save for those disclosures made above, none of the directors of the Parent Guarantor has any direct, indirect or non-beneficial interest in the Shares of the Parent Guarantor or in the shares of any of the Parent Guarantor's subsidiaries.
- (c) Further, the sole director of the Company does not have any material interest (whether as a director, member, creditor or otherwise) in the Scheme. The sole director of the Company is nevertheless interested in the Scheme as he receives remuneration for performing his role in the Company and therefore has an interest in the Company avoiding insolvent liquidation. In addition, the Scheme contemplates a discharge of claims against the Company's Personnel, which includes claims against the sole director.
- (d) The Personnel of the Company and the Subsidiary Guarantors, and each of their predecessors, successors and assigns, will be released in their capacities as such from any and all Claims and/or Liabilities whether known or unknown, fixed or contingent, including any and all Scheme Claims, arising prior to the Restructuring Effective Date or that are or may be based in whole or part on any act, omission, transaction, event or other circumstance taking place or existing on or prior to the Restructuring Effective Date, except for:
- (i) any and all claims or causes of action arising from or relating to fraud, wilful default or wilful misconduct; and
 - (ii) any liability of any Personnel arising under a duty of care to its client, provided that the foregoing shall not prejudice or impair any right of any Scheme Creditor Releasing Party created under the Scheme and/or which arises as a result of a failure to comply with any of the terms of the Scheme.
- (e) Each director of the Company and the Parent Guarantor has provided confirmation that he or she:
- (i) is not subject to any unspent convictions relating to indictable offences;
 - (ii) has not been declared bankrupt or has not been the subject of any voluntary arrangement or like proceeding;
 - (iii) has not been convicted in relation to a fraudulent offence;
 - (iv) has not been associated with any bankruptcy, receivership, insolvent liquidation, voluntary agreement or any composition or arrangement with creditors generally or any class of creditors of such company while acting in the capacity of a member of the administrative, management

- or supervisory body or as senior manager of any company;
- (v) has not been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); and
- (vi) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company.

10.6 Material Contracts

As at the date of this Explanatory Statement, certain material contracts have been entered into in furtherance of the Restructuring, including without limitation the RSA as described at Clause 5 (*Background to the Company and the Restructuring*) of this Explanatory Statement. The occurrence of the Restructuring Effective Date is an automatic termination event under the RSA.

10.7 Proceedings

To the best of the sole director's knowledge and belief, as at the date of this Explanatory Statement, no material litigation or arbitration proceedings have been commenced or threatened against any member of the Group.

11. RISK FACTORS

The following summarises some of the principal risks and uncertainties that may arise in connection with the Scheme. It should be read in conjunction with all of the other information contained in this Explanatory Statement. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may become material and have a material adverse effect on the business, financial condition or results of operations of the Group. This Explanatory Statement also contains forward-looking statements, which involve risks and uncertainties of their own. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors and circumstances, including the risks and uncertainties described in this Explanatory Statement.

For ease of reference only, the risk factors set out below have been grouped into the following six categories:

- (a) risks relating to the implementation of the Scheme;
- (b) risks relating to a failure to implement or a delay in implementing the Scheme;
- (c) risks following the implementation of the Scheme;
- (d) risks relating to the New Notes and the Enhanced Return Notes; and
- (e) risks relating to the Guarantees and the Collateral.

In addition, Scheme Creditors are liable for any taxes that may arise as a result of the Scheme and the Restructuring, and shall have no recourse to the Company, the New Notes Guarantors, the New Notes Trustee, the ERN Trustee, the Information Agent or any other person in respect of such taxes or any filing obligation with respect thereto.

11.1 Risks relating to the implementation of the Scheme

Effectiveness of the Scheme requires the Approval of Scheme Creditors

- (a) The Scheme must be approved by the Noteholders with requisite majorities at the Scheme Meeting.
- (b) The majority required to approve the Scheme is the approval of a simple majority in number of the Noteholders present and voting at the Scheme Meeting either in person or by proxy ("**majority in number**") representing at least 75% in value of the Scheme Claims of the Noteholders present and voting at the Scheme Meeting either in person or by proxy ("**majority in value**"). The Noteholders present and voting at the Scheme Meeting (in person or by proxy) will be counted for the "majority in number" requirement, and the principal amount of the Scheme Claims of the Noteholders present and voting at the Scheme Meeting (in person or by proxy) will be counted for the "majority in value" requirement.
- (c) If the requisite majorities of Noteholders do not vote in favour of the Scheme at the Scheme Meeting, the Restructuring will not be implemented pursuant to the Scheme or possibly at all.
- (d) Although a large proportion of the Noteholders (by value) have undertaken to vote in favour of the Scheme pursuant to the RSA, that undertaking will cease to be binding in certain circumstances under the terms of the RSA or if the RSA is terminated.

Even if the Scheme Creditors approve the Scheme, the Scheme may not be approved by the BVI Court

- (e) In order for the Scheme to become effective under BVI law, the BVI Court must sanction the Scheme. The BVI Court has discretion whether or not to sanction the Scheme and will need to be satisfied that (i) the meeting of Scheme Creditors was convened and held in accordance with the Scheme Convening Order and (ii) the Scheme was approved by the requisite majorities of those Noteholders who voted at the Scheme Meeting in person or by proxy. In addition, the BVI Court is likely to have regard to whether (i) the class of Noteholders voting in respect of the Scheme has been properly constituted, (ii) the provisions of the BVI Companies Act and related subsidiary legislation have been complied with, and (iii) the class was fairly represented by those who attended the meeting and the statutory majority are acting bona fide and are not coercing the minority in order to promote interests adverse to those of the class whom they purport to represent.
- (f) Even if the Scheme is approved at the Scheme Meeting, any Noteholder who voted (or gave instructions to someone to vote on their behalf) at the Scheme Meeting may appear by counsel at the Scheme Sanction Hearing in order to make representations that the Scheme should not be approved and to object to the granting of the BVI Sanction Order. The BVI Court may also be prepared to hear such representations and objections by counsel for any other person whom they are satisfied has a substantial economic interest in the Scheme. Therefore, it is possible that objections will be made at or before the Scheme Sanction Hearing and that any such objections will delay or possibly prevent the Scheme

from being sanctioned and becoming effective.

- (g) There can be no assurance that the BVI Court will approve the Scheme. If the BVI Court does not approve the Scheme, or approves it subject to conditions or amendments which (i) the Company deems unacceptable or (ii) would have (directly or indirectly) a material adverse effect on the interests of any Scheme Creditors and such conditions and amendments are not approved by the Scheme Creditors, the Scheme will remain ineffective.
- (h) Further, even if the BVI Court approves the Scheme, it is possible for any person who opposed the sanctioning of the Scheme at a Scheme Sanction Hearing to appeal against the granting of the BVI Sanction Order. Any such appeals and/or subsequent litigation could delay the Scheme becoming effective or possibly prevent the Scheme from becoming effective at all.

The implementation of the Scheme and the Restructuring may result in adverse and/or complex tax consequences to Scheme Creditors

- (i) The Company is not providing tax advice to any Scheme Creditor in connection with the Restructuring, and each Scheme Creditor should consult its own tax adviser regarding tax consequences of the Restructuring in any relevant jurisdiction.

11.2 Risks relating to a failure to implement or a delay in implementing the Scheme

The Restructuring may not be completed in accordance with the timeline envisaged by this Explanatory Statement

- (a) Factors unknown to the Company as at the date of this Explanatory Statement may result in delays to the completion of the Restructuring.

Insolvency Proceedings if the Restructuring is not implemented promptly

- (b) The maturity date of the Notes has passed and, therefore, the Company is currently obliged to repay the principal amount under the Notes.
- (c) The Company currently has limited available cash and, should the Restructuring not proceed, would be unable to repay its overdue indebtedness under and in connection with the Notes. Unless the Company and the Board are able to satisfy themselves that an alternative financial restructuring is likely to be successful (which the Company considers very unlikely given the time and cost of negotiating the Restructuring) it is likely that the Company and other members of the Group will enter into liquidation or other appropriate Insolvency Proceedings.
- (d) If the Company and other members of the Group are placed into a formal insolvency procedure, the proceeds available to Scheme Creditors will likely be reduced to a level that is considerably lower than the potential value of the consideration they would receive under the Scheme (as per the Liquidation Analysis summarised in Clause 5 (*Background to the Company and the*

Restructuring) and set out in Appendix 3 (*Liquidation Analysis*)).

11.3 Risks following the implementation of the Scheme

The New Notes and Enhanced Return Notes received by Scheme Creditors as Scheme Consideration are subject to certain risks

- (a) There may be no market for the New Notes, or the Enhanced Return Notes, or any securities issued in exchange thereof. To the extent any such securities become tradable, the price and trading volume thereof may be highly volatile. Factors such as variations in the Group's revenues, earnings and 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 the Group's industry and general economic conditions nationally or internationally could cause the price of such securities to change. Any such developments may result in large and sudden changes in the trading volume and price of such securities. There can be no assurance that these developments will not occur in the future. Each Noteholder should conduct its own due diligence and consider the appropriateness of the information in this Explanatory Statement having regard to its own objectives, financial situations and needs. Noteholders are also recommended to consult their own professional advisers as to legal, tax, financial or other aspects relevant to any action Scheme Creditors might take in relation to the Scheme and the Restructuring, or the implications/consequences of such action.

The Company may be subject to PRC withholding taxes on interest it pays on the New Notes and/or the Enhanced Return Notes.

- (b) According to relevant PRC laws and regulations, if the PRC tax authorities consider the Company (1) to be a PRC tax resident enterprise, (2) to the extent such withholding tax payments are deemed to be income sourced within the PRC, and (3) provided that there are no tax treaties between China and those countries or regions which exempt or reduce such withholding tax, the Company is obligated to withhold PRC income tax of up to 10% on interest paid and other related amounts on the New Notes and/or the Enhanced Return Notes to holders of the New Notes and/or the Enhanced Return Notes who are non PRC resident enterprises, or up to 20% on interest paid to a foreign individual who is neither domiciled nor resident in the PRC. Similarly, any gain realised by such non PRC resident enterprise or non PRC resident individual holders from the transfer of the New Notes and/or the Enhanced Return Notes would be regarded as being derived from sources within the PRC and would accordingly be subject to 10% or 20% PRC withholding tax.

11.4 Risks Relating to the New Notes / Enhanced Return Notes

The Issuer currently does not have operating activities or revenue, and payments with respect to the New Notes are dependent upon cash flow from other members of the Group.

- (a) The Issuer currently does not have any operating activities or revenue. The Group conducts its operations primarily through its PRC subsidiaries, which will not provide guarantees for the New Notes. The Issuer's primary assets will

be intergroup loans to the other subsidiaries of the Group and the Parent Guarantor. Accordingly, the Issuer's ability to pay principal and interest on the New Notes will depend upon its receipt of principal and interest payments on the intergroup loans from such borrowing subsidiaries and the ability of the Parent Guarantor and the Subsidiary Guarantors, if any, to honour their obligations under the Parent Guarantee and the Subsidiary Guarantees, if any. The borrowing subsidiaries, the Parent Guarantor and any of the Subsidiary Guarantors, if any, may not have material operations or assets, and therefore depend upon the receipt of sufficient funds from their respective subsidiaries or other members in the Group to meet their obligations.

The payments with respect to the New Notes and/or the Enhanced Return Notes are structurally subordinated to liabilities, contingent liabilities and obligations of the Non-Guarantor Subsidiaries.

- (b) The Group conducts its business primarily through its subsidiaries, but none of its current subsidiaries will provide a Subsidiary Guarantee upon issuance of the New Notes. In addition, certain of its future subsidiaries will not be required to guarantee the New Notes, if the consolidated assets of these subsidiaries do not exceed 15% of the total assets of the Group. Under the terms of the New Notes Indenture, the Exempted Subsidiaries and the Listed and HoldCo Subsidiaries are permitted not to guarantee the New Notes. Consequently, there is a possibility that no future or existing offshore subsidiaries of the Group may ever be required to guarantee the New Notes, even if the consolidated assets of such subsidiaries exceed 15% of the total assets of the Group.
- (c) A significant portion of the assets of the Parent Guarantor is ownership interests in its PRC subsidiaries, and accordingly, its ability to satisfy its obligations under the Parent Guarantee may be affected by its receipt of distributions of dividends principally from its PRC subsidiaries. Creditors, including trade creditors of the Non-Guarantor Subsidiaries (as defined in the New Notes Indenture), would have a claim on such entities' assets that would be prior to the claims of the holders of the New Notes. As a result, the payment obligations under the Parent Guarantee will be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (including their obligations under guarantees they have issued or will issue in connection with the business of the Group), and all claims of creditors of the Non-Guarantor Subsidiaries will have priority as to the assets of such entities over the claims of the Group and those of the creditors of the Group, including holders of the New Notes. In addition, the secured creditors of the Parent Guarantor or those of any of the subsidiaries of the Group would have priority as to the assets of the Parent Guarantor or the assets of such subsidiary securing the related obligations over claims of holders of the New Notes.

The subsidiaries of the Parent Guarantor are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Parent Guarantor and its subsidiaries.

- (d) As a holding company, the Parent Guarantor depends, and will depend in the future, on the receipt of dividends and the interest or principal payments on intercompany loans or advances from its subsidiaries, including its PRC subsidiaries, to satisfy its obligations, including its obligations under the Parent Guarantee. The ability of its subsidiaries to pay dividends and make payments

on intercompany loans or advances to their shareholders, including the Parent Guarantor, is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these subsidiaries, restrictions contained in relevant debt instruments, and applicable laws. These restrictions could reduce the amounts that the Parent Guarantor receives from its subsidiaries, which would restrict its ability to satisfy its obligations under the Parent Guarantee. In particular, certain loan agreements in relation to bank loans entered into by its PRC subsidiaries from PRC lender banks may contain provisions that restrict or prohibit the payment or declaration of dividends or distributions.

- (e) In addition, if any of these subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to the Group to make payments on the New Notes and/or the Enhanced Return Notes.
- (f) 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 operating income and expenses. The 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 reserve funds that are not distributable as cash dividends by the board of directors. In practice, the PRC subsidiaries of the Group may pay dividends once a year. As a result of such limitations, there could be timing limitations on payments from these PRC subsidiaries to meet payments required by the New Notes and/or the Enhanced Return Notes or obligations under the Parent Guarantee, and there could be restrictions on payments required to pay off the New Notes and/or the Enhanced Return Notes at maturity or as required for any early redemption.
- (g) Furthermore, in practice, the market interest rate that the PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on the interest paid under any shareholders' loans. PRC regulations require approval by SAFE prior to any of the non-PRC subsidiaries making shareholder loans in foreign currencies to the PRC subsidiaries and require such loans to be registered with SAFE. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present tax filing form and/or other documents as required by tax authorities on the interest payable in any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.
- (h) As a result of the foregoing, there is no assurance that there will be sufficient cash flow from dividends or payments on intercompany loans or advances from the subsidiaries of the Group to satisfy the Company's obligations under the New Notes and/or the Enhanced Return Notes and the obligations under the Parent Guarantee.

The Company may not be able to repurchase the New Notes upon a Change of Control or complete mandatory redemptions.

- (i) Under the terms of the ERN Indenture and the New Notes Indenture, the Company is subject to certain mandatory redemption and repurchase obligations.
- (j) The source of funds for any such purchase and redemption would be the available cash or third-party financing. However, the Company may not have enough available funds at the time when it is required to redeem or repurchase the New Notes or the Enhanced Return Notes. Its failure to make the offer to purchase or purchase the outstanding New Notes or the Enhanced Return Notes and its failure to complete any mandatory redemptions and repurchases would constitute an event of default under the New Notes Indenture or the ERN Indenture, respectively. 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 its other debt were to be accelerated, the Company may not have sufficient funds to purchase the New Notes, the Enhanced Return Notes and repay the debt owing by it thereunder.
- (k) In addition, the definition of Change of Control for purposes of the New Notes Indenture does not necessarily afford protection for the holders of the New Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase the indebtedness of the Group or otherwise affect its capital structure or credit ratings. The definition of Change of Control for purposes of the New Notes Indenture also includes a phrase relating to the sale of "all or substantially all" of the assets of the Group. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition under applicable law. Accordingly, the Company's obligation to make an offer to purchase the New Notes, and the ability of a holder of the New Notes to require the Company to purchase its New Notes pursuant to the offer as a result of a highly- leveraged transaction or a sale of less than all of the assets of the Group may be uncertain.

Certain major terms of the New Notes Indenture may be modified, amended or waived with the consent of holders of not less than 51% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of the New Notes and increase the credit risks of the New Notes.

- (l) 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, the New Notes Indenture allows modification, amendments or waivers of certain major terms to be made with the consent of holders of not less than 51% in aggregate principal amount of the outstanding New Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Note, the release of any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the New Notes Indenture. Such provisions would reduce the protection afforded to the holders of the New Notes and potentially increase the credits risks of the New Notes.

The Company may not be able to repurchase the New Notes upon the occurrence of a Parent Guarantee SAFE Non-compliance Event or an Intercompany Loan Assignment SAFE Non-compliance Event.

- (m) Following the occurrence of a Parent Guarantee SAFE Non-compliance Event

or an Intercompany Loan Assignment SAFE Non-compliance Event (as defined in the New Notes Indenture), the Company will be required to make an offer to repurchase all of the New Notes at a price in cash equal to 101% of the principal amount of the New Notes repurchased, plus accrued and unpaid interest on the principal amount of the New Notes being repurchased to but excluding the date of repurchase. If such an event were to occur, the Company may not have sufficient cash in hand and may not be able to arrange financing to redeem the New Notes in time, or on acceptable terms, or at all. There is also no assurance that the Parent Guarantor or the Subsidiary Guarantors, if any, would have sufficient liquidity at such time to make the required repurchase of the New Notes. The ability to repurchase the New Notes in such event may also be limited by the terms of other debt instruments. The failure of the Company, the Parent Guarantor and the Subsidiary Guarantors, if any, to repurchase the New Notes could constitute an event of default under the New Notes, which may also constitute a default under the terms of the Company's, the Parent Guarantor's and the Subsidiary Guarantors', if any, or the other indebtedness of the Group.

The Company may elect to redeem the New Notes at any time prior to their maturity.

- (n) Pursuant to terms of the New Notes, the Company may elect to redeem the New Notes prior to their maturity as described in Clause 6.2 (*Summary of the New Notes*) of this Explanatory Statement under the heading "*Optional Redemption*", in whole or in part, at par, at any time. The date on which the Company elects to redeem the New Notes may not accord with the preference of particular holders of the New Notes. In addition, a holder of New Notes may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the New Notes.

The Company may be able to redeem the New Notes, as a whole but not in part, upon certain changes in the tax laws.

- (o) As described, and subject to the limitations set forth in the New Notes Indenture, in the event the Company or the Parent Guarantor or any Subsidiary Guarantor is required to pay Additional Amounts (as defined in the New Notes Indenture) with respect to any payment due or to become due under the New Notes 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 (as defined in the New Notes Indenture), excluding any applicable treaty with the 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), and such requirement cannot be avoided by the taking of reasonable measures by the Company or the Parent Guarantor or such Subsidiary Guarantor as the case may be, the Company may redeem the New Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest (including any Additional Amounts).

The insolvency laws of the BVI and other local insolvency laws may differ from United States bankruptcy law or those of other jurisdictions with which holders of the New Notes and/or Enhanced Return Notes are familiar.

- (p) Because the Company is incorporated under the laws of the BVI, an insolvency proceeding relating to the Company, even if brought in the United States, would likely involve the insolvency laws of the BVI, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law.
- (q) The Group conducts substantially all of its business operations in China through PRC-incorporated subsidiaries. The Parent Guarantor and certain of its subsidiaries, as equity holders of the PRC subsidiaries of the Group, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. 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 New Notes and/or Enhanced Return Notes are familiar.

The Parent Guarantee, the Subsidiary Guarantees (if any) and the New Notes Indenture will be governed by the laws of the State of New York.

- (r) The Parent Guarantee, the Subsidiary Guarantees (if any) and the New Notes Indenture, which set out the terms of the New Notes and Guarantees, will be governed by the laws of the State of New York. Judgments of foreign courts, including New York courts, are unlikely to be recognized or enforced in the PRC unless there is a treaty between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other agreements that provide for reciprocal recognition and enforcement of foreign judgments with the United States. As a result, investors may need to pursue claims based on the Parent Guarantee, the Subsidiary Guarantees (if any) and the New Notes Indenture in the PRC courts.

The Enhanced Return Notes Instrument will be governed by the laws of Hong Kong.

- (s) The Enhanced Return Notes Instrument will be governed by the laws of Hong Kong is subject to a non-exclusive jurisdiction clause in favour of Hong Kong . Judgments of foreign courts are unlikely to be recognized or enforced in the PRC unless there is a treaty between China and the country where the judgment is made or on reciprocity between jurisdictions. There exists an arrangement between the PRC and Hong Kong for the mutual recognition and enforcement of judgments in certain situations, but recognition and enforcement of Hong Kong judgments in the PRC cannot be guaranteed. As a result, investors may need to pursue claims based on the Enhanced Return Notes Instrument in the PRC courts, notwithstanding the abovementioned non-exclusive jurisdiction clause.

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

- (t) The Company is a company incorporated in the BVI. The Company's ability to satisfy its obligations under the New Notes and/or the Enhanced Return Notes depends upon, among other things, the ability of the Group to obtain and remit sufficient foreign currency to the Company. The Group must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before it can obtain and remit foreign currencies out of the

PRC including evidence that the relevant PRC taxes have been paid. If the Group for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency, the Company's ability to satisfy its obligations under the New Notes and/or Enhanced Return Notes would be adversely affected.

- (u) Pursuant to the Parent Guarantee executed by the Parent Guarantor, the Parent Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Company under the New Notes, and/or the Enhanced Return Notes, and the Parent Guarantee. The Parent Guarantor is required to submit the Parent Guarantee to the local SAFE for registration in accordance with, and within the time period prescribed by, the Foreign Exchange Administration Rules on Cross-border Security. Although the non-registration does not render the Parent Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Parent Guarantor if registration is not carried out within the stipulated timeframe. The Parent Guarantor intends to register the Parent Guarantee and Subsidiary Guarantees (if any) within 15 PRC Business Days after the original issue date of the New Notes and/or the Enhanced Return Notes and in any event before the Registration Deadline (being the 45th day after the original issue date of the New Notes and/or the Enhanced Return Notes). In addition, if the Parent Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Parent Guarantor under the Parent Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Parent Guarantee in order to effect such remittance, although this does not affect the validity of the Parent Guarantee itself.
- (v) In addition, upon a Corn Oil Business Subsidiary Listing Event (as defined in Clause 6.2 (*Summary of the New Notes*) of this Explanatory Statement under the heading "*Redemption for Corn Oil Business Subsidiary Listing Event*"), the Company or the Parent Guarantor shall make an offer to purchase a specific amount of the New Notes. Any remaining portion of such amount shall be used by the Company or the Parent Guarantor to redeem an equivalent amount of the then outstanding New Notes. The Group may need to remit foreign currencies out of the PRC to satisfy the obligations to make an offer to purchase New Notes and/or redeem New Notes in connection with a Corn Oil Business Subsidiary Listing Event. There is no assurance how soon the Group can remit foreign currencies out of the PRC to satisfy such obligations, if at all. The failure to make or consummate the offer to purchase or the redemption would constitute an event of default under the New Notes.

If the Parent Guarantor fails to complete the post-issuance report to the NDRC in connection with the New Notes and/or the Enhanced Return Notes, the NDRC may impose penalties or other administrative procedures on the Parent Guarantor.

- (w) On 14 September 2015, the NDRC promulgated the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《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》, the "**NDRC Circular**") pursuant to which if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such PRC enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC

in respect of such issue. The enterprise must also report certain details of the bonds to the NDRC within 10 business days upon the completion of the bond issue (the "**Post-Issuance Report**").

- (x) There is no clarity on the legal consequences of non-compliance with the Post-Issuance Report requirement under the NDRC Circular. NDRC Foreign Investment and Outbound Investment Department (國家發展和改革委員會利用外資和境外投資司) has published Guidance on Offshore Bonds Issuance of PRC Enterprises (《企業境外發行債券指引》) (the "**NDRC Circular Guidelines**") on its official website on 18 December 2015, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the requirement for Post-Issuance Report under the NDRC Circular will be subject to a blacklist and sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC, or any impact on the holders of the New Notes and/or the Enhanced Return Notes, in the event of a non-compliance by the Parent Guarantor with the NDRC Circular. The Parent Guarantor has undertaken to notify the NDRC of the particulars of the issue of the New Notes and/or the Enhanced Return Notes within the prescribed period under the NDRC Circular.
- (y) Since the NDRC Circular does not have any detailed implementation procedures, there is no assurance that the NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose in case of failure of such registration with, or the Post-Issuance Report to, the NDRC. There is also no assurance that the registration with the NDRC will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the New Notes and/or the Enhanced Return Notes in the PRC. If the Parent Guarantor does not report the post issuance information with respect to the New Notes and/or the Enhanced Return Notes within the timeframe as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Parent Guarantor which may have a material adverse impact on the New Notes and/or the Enhanced Return Notes and the investors in the New Notes and/or the Enhanced Return Notes, or to its business, financial condition or results of operations.

If the Group is unable to comply with the restrictions and covenants in its debt agreements, the New Notes Indenture, or the Enhanced Return Notes Instrument, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

- (z) From time to time, the Group has been required to seek amendments, waivers and consents in connection with financial and other covenants under its debt facilities. Such amendments, waivers and consents have all been granted by the applicable creditors and such incidents have not caused any material adverse impact on its operation and financial conditions. There is no assurance that the Group will not need to seek such amendments, waivers or consents in the future.
- (aa) If the Group is unable to comply with the restrictions and covenants in the New

Notes Indenture or the Enhanced Return Notes Instrument, or its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate the debt repayment and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements, including the New Notes Indenture, contain cross-acceleration or cross-default provisions. As a result, the Group's default under one debt agreement may cause the acceleration of other debt, including the Notes and the New Notes, or result in a default under its other debt agreements, including the Notes Indenture and the New Notes Indenture. If any of these events occur, there is no assurance that the Group's assets and cash flow would be sufficient to repay in full all of its indebtedness, or that it would be able to find alternative financing. Even if it could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Group.

The operations of the Group are restricted by the terms of the New Notes, which could limit its ability to plan for or to react to market conditions or meet its capital needs, which could increase the credit risk of the investors.

- (bb) The New Notes Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, the ability of the Parent Guarantor and the Restricted Subsidiaries, to:
 - (i) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
 - (ii) declare dividends on capital stock or purchase or redeem capital stock;
 - (iii) make investments or other specified restricted payments;
 - (iv) issue or sell capital stock of Restricted Subsidiaries;
 - (v) repay indebtedness owed to affiliates of the Parent Guarantor, other than subsidiaries of the Parent Guarantor;
 - (vi) sell assets;
 - (vii) create liens;
 - (viii) enter into sale and leaseback transactions;
 - (ix) enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
 - (x) enter into transactions with shareholders or affiliates; and
 - (xi) effect a consolidation or merger.
- (cc) These covenants could limit the Group's ability to plan for or react to market conditions or to meet its capital needs. Its ability to comply with these covenants may be affected by events beyond its control, and it may have to curtail some of

its operations and growth plans to maintain compliance.

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

- (dd) Although application will be made for the listing and quotation of the New Notes or the Enhanced Return Notes on any securities exchange, the application may not be approved, and even if it is approved and the New Notes are listed, there can be no assurance as to the liquidity of the New Notes or that an active trading market will develop. The Company does not intend to apply for listing of the New Notes on any U.S. securities exchange or for quotation through an automated dealer quotation system. In addition, the New Notes are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, the investors will only be able to resell the New Notes in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. See Clause 3.2 (U.S. Securities Law Considerations) of this Explanatory Statement. The Group cannot predict whether an active trading market for the New Notes will develop or be sustained.

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

- (ee) The price and trading volume of the New Notes may be highly volatile. Factors such as variations in the Group's operating income, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the New Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the New Notes will trade. There is no assurance that these developments will not occur in the future.

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

- (ff) The New Notes will initially only be issued in global form and held through Euroclear and Clearstream. Interests in the New Notes represented by the Global Notes will trade in book-entry form only, and New 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 New Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the New Notes will be made to the paying agent of the New Notes, 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 Notes representing the New Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary for Euroclear and Clearstream, the Company will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if an investor owns a book-entry interest, it must rely on the procedures of Euroclear and Clearstream or, if the investor is not a participant in Euroclear and Clearstream, on the procedures

of the participant through which it owns its interest, to exercise any rights and obligations of holder of the New Notes under the New Notes Indenture.

- (gg) Unlike the holders of the New Notes themselves, owners of book-entry interests will not have the direct right to act upon the Company's solicitations for consents, requests for waivers or other actions from holders of the New Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis. Similarly, upon the occurrence of an Event of Default under the New Notes Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if an investor owns a book-entry interest, it 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 New Notes.

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

- (hh) The New Notes and the Enhanced Return Notes are denominated in U.S. dollars, while substantially all of the Group's revenues are generated by its PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the People's Bank of China (the "PBOC") on 21 July 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 18 May 2007, the PBOC enlarged the floating band for the trading prices in the interbank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on 21 May 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 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 33.0% from 21 July 2005 to 31 December 2014. On 17 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organization of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The International Monetary Fund announced on 30 September 2016 that the Renminbi joins its Special Drawing Rights currency basket. 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. 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, the Group's financial condition and results of operations could be materially and adversely affected because of its substantial U.S. dollar denominated indebtedness and other obligations after the issuance of the New Notes. Such devaluation could also materially and adversely affect the value, translated or converted into U.S. dollars or otherwise, of the earnings of the Group and its ability to satisfy its obligations under the New Notes. The value of the Renminbi has depreciated significantly against U.S. dollars since the end of 2015 and there is no assurance that the Renminbi will not experience significant depreciation or (as the case may be) appreciation against U.S. dollars or against any other currency in the future.

- (ii) There are limited hedging instruments available in China to reduce the Group's exposure to exchange rate fluctuations between the Renminbi and other currencies. In addition, following the offering of the New Notes and/or the Enhanced Return Notes, the Group may enter into foreign exchange or interest rate hedging agreements in respect of its U.S. dollar-denominated liabilities under the New Notes and/or Enhanced Return Notes. These hedging agreements may require the Group to pledge or transfer cash and other collateral to secure its obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments.
- (jj) Any hedging obligation entered into or to be entered into by the Parent Guarantor or its subsidiaries may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to the Parent Guarantor and/or any of its subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, the Parent Guarantor and/or any of its 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 materially and adversely affect the Parent Guarantor's financial condition and/or any of its subsidiaries and may materially and adversely affect the performance of their respective obligations under or in relation to the New Notes and/or the Enhanced Return Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

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

- (kk) Under certain circumstances, including without limitation giving notice to the Company upon an event of default and taking enforcement steps pursuant to the terms of the New Notes Indenture, the New Notes Trustee may, at its sole discretion, request holders of the New Notes to provide an indemnity, security and/or pre-funding to its satisfaction before it takes actions on behalf of such holders. The New Notes Trustee shall not be obliged to take any such actions if not indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The New Notes Trustee may not be able to take actions, notwithstanding the provision of an indemnity,

security and/or pre-funding to it, in breach of the terms of the New Notes Indenture and the security documents and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the New Notes to take such actions directly.

11.5 Risks Relating to the Guarantees and the Collateral

The Parent Guarantee, if any, may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee.

- (a) Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the BVI, PRC and other jurisdictions where future subsidiary guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:
 - (i) incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put or did put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
 - (ii) received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
 - (iii) was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
 - (iv) was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
 - (v) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.
- (b) 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.
- (c) 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.

- (d) In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Parent Guarantor and the Subsidiary Guarantors, if any, under the Parent Guarantee and the Subsidiary Guarantees, if any, will be limited to the maximum amount that can be guaranteed by the Parent Guarantor and the Subsidiary Guarantors, if any, without rendering the guarantee, as it relates to the Parent Guarantee and the Subsidiary Guarantees, if any, voidable under such applicable insolvency or fraudulent transfer laws.
- (e) If a court voids the Parent Guarantee, subordinates such guarantee to other indebtedness of the Parent Guarantor or the Subsidiary Guarantors, if any, or holds the Parent Guarantee or the Subsidiary Guarantees, if any, unenforceable for any other reason, holders of the New Notes would cease to have a claim against the Parent Guarantor or the Subsidiary Guarantors, if any, based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of the Parent Guarantor or the Subsidiary Guarantors, if any, and would solely be creditors of the Company and the Parent Guarantor or the Subsidiary Guarantors, if any, which has not been voided or held unenforceable. There is no assurance that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the New Notes.

12. TAXATION

12.1 Overview

- (a) The Company has not analysed, and this Explanatory Statement does not discuss, the tax consequences to any Scheme Creditor of the Restructuring. Such tax consequences may be complex and each Scheme Creditor is urged to consult its own tax adviser with respect to the tax consequences of the Restructuring in light of such person's particular circumstances, including the tax consequences in any jurisdiction of the exchange of interests in the Notes for any Scheme Consideration, and the receipt, ownership and disposition of such Scheme Consideration. Scheme Creditors are liable for any taxes that may arise as a result of the Scheme and the Restructuring, and shall have no recourse to the Company, the Group, the Parent Guarantor, the Notes Trustee, the Information Agent or any other person in respect of such taxes or any filing obligation with respect thereto.
- (b) Any interest, rents, royalties, compensations and other amounts paid by the Company to persons who are not persons resident in the BVI are exempt from the provisions of the Income Tax Ordinance (Cap. 206) in the BVI and any capital gains realised with respect to any shares, debt obligations or other securities of the Company by persons who are not persons resident in the BVI are exempt from all forms of taxation in the BVI. The Payroll Taxes Act 2004 will not apply to the Company or any Scheme Creditor except to the extent that either the Company or the relevant Scheme Creditor has employees (and deemed employees) rendering services to them wholly or mainly in the BVI. The Company at present has no employees in the BVI and no intention of having any employees in the BVI.
- (c) In addition, no duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligation or other securities of the Company. All instruments relating to the transfer of property to or by the Company and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments

relating to other transactions relating to the business of the Company are exempt from the payment of stamp duty in the BVI. There are currently no withholding taxes or exchange control regulations in the BVI which are applicable to the Company or any Scheme Creditor.

APPENDIX 1

INTERPRETATION

In this Explanatory Statement, unless the context otherwise requires or otherwise expressly provided:

- (a) words denoting the singular number only shall include the plural number also and *vice versa*;
- (b) words denoting one gender only shall include the other genders;
- (c) references to a person only shall include:
 - (i) any natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership and that person's legal personal representatives or successors, transferees and assigns and any person deriving title under or through that person;
 - (ii) any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of the BVI, the United States or any other relevant jurisdiction; or
 - (iii) other entity whatsoever.
- (d) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (e) references to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
- (f) unless expressed otherwise:
 - (i) references to U.S. dollars or US\$ are references to the currency of the United States of America; and
 - (ii) references to Hong Kong dollars or HK\$ are references to the currency of Hong Kong;
- (g) any reference in this Appendix 1 (*Interpretation*) to any document whose meaning is stated to be the meaning given to a document as defined in the Explanatory Statement shall be construed as a reference to that document as amended, varied, novated, restated, modified, supplemented or re-enacted or replaced prior to the date of this Explanatory Statement;
- (h) the words "include" and "including" are to be construed without limitation, general words introduced by the word "other" are not to be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words are not to be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; clause, section and schedule headings are for ease of reference only;
- (i) a company is a "subsidiary" of another company, its "holding company", if that other company: (a) holds a majority of the voting rights in it; (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it, or, if it is a subsidiary of a company that is itself a subsidiary of that other company;

- (j) an "undertaking" means a body corporate or partnership; or an unincorporated association carrying on a trade or business, with or without a view to profit; and an undertaking is a parent undertaking in relation to another undertaking, a "subsidiary undertaking", if: (a) it holds the majority of voting rights in the undertaking; (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; (c) it has the right to exercise a dominant influence over the undertaking by virtue of provisions contained in the undertaking's articles; or (ii) by virtue of a control contract; or (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking;
- (k) clause, section and schedule headings are for ease of reference only;
- (l) unless otherwise stated, a reference to a time of day shall be construed as a reference to BVI time; and
- (m) a reference to this Explanatory Statement includes a reference to the preliminary sections and appendices of this Explanatory Statement.

APPENDIX 2

DEFINITIONS

In this Explanatory Statement:

- "Accession Letter"** means a letter substantially in the form set out in Schedule 2 (*Form of Accession Letter*) to the RSA.
- "Account Holder"** means any Person who is recorded in the books of a Clearing System as being a holder of a book-entry interest in the Notes in an account with that Clearing System or, as the context may require, is or was recorded in such books as being such a holder of Notes in such an account at the Record Time.
- "Account Holder Letter"** means a letter from an Account Holder on behalf of the relevant Noteholder substantially in the form attached to the account holder letter set out in Appendix 6 (Solicitation Packet) to this Explanatory Statement.
- "Accredited Investors"** means "accredited investors" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act.
- "Advisers"** means:
- (a) Bird & Bird and its Affiliates, legal advisers to the Parent Guarantor;
 - (b) Ogier, legal advisers to the Company and the Parent Guarantor as to matters of BVI law;
 - (c) Dechert and its Affiliates, legal advisers to the Committee;
 - (d) Mourant Ozannes, legal advisers to the Committee as to matters of BVI law; and
 - (e) any of the foregoing's partners, employees and affiliated partnerships and the partners and employees of such affiliated partnerships and their respective subsidiaries and holding companies and any other counsel engaged by any of the foregoing on behalf of their client or by the client directly in connection with the Restructuring.
- "Affiliates"** means in relation to any Person, its current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, partners, related partnerships, equity holders, members and managing members, and any of their respective Affiliates.
- "Allowed Proceeding"** means any Proceeding:
- (a) by a Scheme Creditor:
 - a. to enforce its rights under or in connection with the Scheme, the Scheme Consideration, the Instruction Fee, the New Notes, the

Enhanced Return Notes, the New Note Documents and/or the ERN Documents;

- b. to compel the Company or any other Person or entity to comply with its obligations under the Scheme; and/or

(b) with respect to any Excluded Liability.

"Ancillary Claim"

means a Claim in respect of any Liability against a Released Person (other than the Company) arising directly or indirectly out of, in relation to and/or in connection with the Note Documents, arising on or before the Record Time or which may arise after the Record Time as a result of an obligation or liability of any Released Person incurred or as a result of an event occurring or an act done on or before the Record Time (including, for the avoidance of doubt, any interest accruing on, or accretions arising in respect of, such Claims before or after the Record Time), but excluding the Excluded Liabilities.

"Bar Time"

means 10 a.m. BVI time, the equivalent being 10 p.m. Hong Kong time, on the date falling 3 Business Days before the Holding Period Expiry Date

"Board"

means the Board of Directors of the Company.

"Book Entry Interest"

means in relation to the Notes, a beneficial interest as principal in the Global Notes held through and shown on, and transferred only through, records maintained in book entry form by the Clearing Systems.

"Business Day"

means any day on which banks are open for business generally in all of Belgium, Luxembourg, Hong Kong, London, BVI, the People's Republic of China and New York.

"BVI"

means the British Virgin Islands.

"BVI Court"

means the Eastern Caribbean Supreme Court in High Court of Justice of the Virgin Islands.

"BVI Companies Act"

means the BVI Business Companies Act 2004 (as amended).

"BVI Registrar of Corporate Affairs"

means the Registrar of Corporate Affairs appointed under the BVI Companies Act.

"BVI Sanction Order"

means the order of the BVI Court sanctioning the Scheme (with or without modification).

"Chairpersons"

means the chairpersons of the Scheme Meeting who may act jointly and severally.

"Claims"	means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation or any failure to perform any obligation or any omission, whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, BVI, or under any other law or in any other jurisdiction howsoever arising.
"Clearing Systems"	means each of Euroclear and any successor and Clearstream and any successor; and "Clearing System" means either one of them.
"Clearstream"	means Clearstream Banking S.A.
"CMP Regulations 2018"	means the Securities and Futures (Capital Markets Products) Regulations 2018.
"Collateral Agent"	means Madison Pacific Trust Limited in its capacity as security agent under the New Notes Collateral Documents or any successor security agent under the New Notes Collateral Documents.
"Companies Act"	means the BVI Business Companies Act 2004.
"Company"	means Knight Castle Investments Limited, 爵堡投資有限公司, a BVI business company incorporated with limited liability under the laws of the BVI with company number 1959066 and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI.
"Conditions"	means each of the conditions precedent to the effectiveness of the Scheme, as set out in Clause 16 of the Scheme.
"Consenting Creditor"	means each person who is a party to the RSA as a Consenting Creditor (as defined in the RSA).
"Cross-Border Recognition"	means in connection with any Insolvency Proceeding commenced in any one jurisdiction the recognition of that Insolvency Proceeding in another jurisdiction, whether under laws relating to bankruptcy, liquidation, insolvency, reorganisation, winding-up, or composition or adjustment of debts or similar law, international principles of judicial comity, statute, enactment or other regulation.
"Custody Instruction"	means the instruction to be submitted by an Account Holder on behalf of the relevant Noteholder, to block their position in the Notes in the relevant Clearing System.

"Custody Deadline"	Instruction	means 11:00 a.m. BVI time on 19 July 2024, the equivalent being 11:00 p.m. Hong Kong time on 19 July 2024.
"Custody Reference Number"	Instruction	means, the unique reference provided by Euroclear or Clearstream, following an instruction from an Account Holder to block the relevant Notes in accordance with the instructions contained in this Explanatory Statement.
"C(WUMP)O"		means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong).
"Deed of Release"		means the deed of release to be executed by the Scheme Creditors (acting via the Company as their attorney and agent) for the benefit of the Company and other beneficiaries on the Restructuring Effective Date, substantially in the form set out in Appendix 5 (<i>Deed of Release</i>) to this Explanatory Statement.
"Depository"		means Citibank Europe Plc, acting through its nominee as registered holder of the Notes, Citivic Nominees Limited, as common depository for Euroclear Bank SA/NV and Clearstream Banking S.A. under the Indenture.
"Designated Recipient"		means, in relation to any Scheme Creditor, any single entity that is designated by that Scheme Creditor in a Designated Recipient Form as the recipient of the portion of New Notes and/or Enhanced Return Notes (as applicable) to which that Scheme Creditor is entitled pursuant to the terms of the Scheme, provided that the Designated Recipient shall only be validly designated if it can make affirmative Securities Law Representations by submission of a duly completed Distribution Confirmation Deed.
"Designated Form"	Recipient	means the form appended to the Account Holder Letter and available on the Transaction Website by which a Scheme Creditor may appoint a Designated Recipient to be the recipient of the New Notes and/or Enhanced Return Notes (as applicable) that would otherwise be issued to a Scheme Creditor.
"Directors"		means the board of directors of the Company from time to time.
"Distribution Confirmation Deed"		means the distribution confirmation deed in the form appended to the Account Holder Letter and available on the Transaction Website confirming, amongst other things, that the Scheme Creditor or its Designated Recipient may lawfully be issued the New Notes and/or Enhanced Return Notes (as applicable).
"EEA"		means the European Economic Area.
"Election Form"		means section 2 of part3 of the Account Holder Letter pursuant to which a Scheme Creditor may elect to receive its entitlement to the Elective Scheme Consideration in the form

		of the New Notes and/or Enhanced Return Notes.
"Elective Consideration"	Scheme	means the New Notes and the Enhanced Return Notes.
"Eligible Creditor"		means a Noteholder who submits a duly completed (a) Account Holder Letter and (b) Distribution Confirmation Deed including affirmative Securities Law Representations and, if applicable, a Designated Recipient Form; to the Information Agent prior to the Record Time.
"Eligible Person"		means any person who can make the Securities Law Representations.
"Eligible Restricted Note"		has the meaning given to it in the RSA.

"Enforcement Action"

means:

- (a) the acceleration of any sum payable or the making of any declaration that any sum payable is due and payable or payable on demand;
- (b) the making of any demand against any member of the Group under any guarantee or surety provided by that member of the Group;
- (c) the suing for, commencing, or joining of any legal or arbitration proceedings against any member of the Group to recover any sums payable or under any guarantee or surety provided by any member of the Group;
- (d) the taking of any steps to enforce or require the enforcement of any security granted by any member of the Group;
- (e) the levying of any attachment, garnishment, sequestration or other legal process over or in respect of any assets of the Group;
- (f) the petitioning, applying, or voting for any Insolvency Proceedings in relation to any member of the Group;
- (g) the commencing or continuation of any legal action or other proceedings against any member of the Group (or any director or officer thereof) or any of their respective assets;
- (h) joining any other entity or person in the exercise of any of the foregoing rights;
- (i) exercising any right, power, privilege or remedy in connection with the foregoing; or
- (j) directing any trustee or agent to do any of the foregoing;

other than as contemplated by the Restructuring.

"Enhanced Return Note"

means the enhanced return notes due 2029 to be issued by the Company pursuant to the ERN Indenture and guaranteed by the Parent Guarantor, in an aggregate principal amount equal to the ERN Issuance Amount.

"ERN Documents"

means, collectively:

- (a) the ERN Indenture;
- (b) the ERN Parent Guarantee; and
- (c) the Enhanced Return Notes.

"ERN Indenture"

means the indenture governing the Enhanced Return Notes, substantially in the form of Appendix 12 (*Form of ERN Indenture*) to this Explanatory Statement, to be entered into between, amongst others, the ERN Issuer, the Parent Guarantor, and the ERN Trustee.

"ERN Issuer"	means the Company unless otherwise specified.
"ERN Issuance Amount"	means the aggregate principal amount of Enhanced Return Notes that Scheme Creditors have elected in their Election Forms to receive as part of their entitlements of the Elective Scheme Consideration; provided always that the principal amount upon issuance shall not be less than the ERN Minimum Issuance Amount and not more than the ERN Maximum Issuance Amount.
"ERN Issuance Condition"	means, with respect to the issuance of Enhanced Return Notes, the condition that the aggregate ERN Issuance Amount is not less than the ERN Minimum Issuance Amount and not more than the ERN Maximum Issuance Amount.
"ERN Maximum Issuance Amount"	Means US\$80,000,000.
"ERN Minimum Issuance Amount"	means US\$10,000,000.
"ERN Parent Guarantee"	means the guarantee and indemnity granted by the Parent Guarantor pursuant to the ERN Indenture.
"ERN Trustee"	means Madison Pacific Trust Limited in its capacity as trustee under the ERN Indenture or any successor trustee under the ERN Indenture.
"Euroclear"	means Euroclear Bank SA/NV.
"Excluded Liabilities"	means any liability of the Company, the Parent Guarantor, the other members of the Group and their Affiliates and their Personnel that is not subject to the arrangement and compromise to be effected by the Scheme, including (without limitation): (a) any Claim by a Scheme Creditor against the Company arising out of any failure by the Company to fulfil its obligations under the Scheme and/or the Explanatory Statement and/or to compel the Company or any other Person or entity to comply with its obligations under the Scheme and any Claim by a Scheme Creditor or its Advisers pursuant to or in connection with the Instruction Fee, the Work Fee and/or the fees payable by a member of the Group under or in connection with the Scheme; (b) any Claim by an Adviser with respect to any Scheme Costs; (c) any Claim by the Notes Trustee and/or the Depositary with respect to any accrued and unpaid fees and expenses due to them or their respective legal and professional advisers under the terms of

	the Note Documents in respect of the period ending on the Restructuring Effective Date; and
	(d) any Claim or Liability that a Noteholder may have which does not arise directly or indirectly pursuant to any of the Note Documents and/or the Notes.
"Explanatory Statement"	means this composite document dated 2 July 2024 of the Company addressed to Scheme Creditors containing, among other things, the explanatory statement of the Company in compliance with the Companies Act and the terms of the Scheme (including all appendices, schedules and annexures thereto).
"Financial Promotion Order"	means the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).
"Global Notes"	means the global notes by which each of the Notes were offered and sold in offshore transactions in reliance on Regulation S under the U.S. Securities Act, which are registered in the name of Citivic Nominees Limited (as nominee of the Depositary).
"Governmental Entity"	means any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Hong Kong, the United States of America, the British Virgin Islands or any other relevant jurisdiction.
"Group"	means the Parent Guarantor and any and all of its subsidiaries (including the Company).
"Guarantees"	means the Parent Guarantee, the ERN Parent Guarantee and the Subsidiary Guarantees (if any).
"Holding Period"	means the period from the Restructuring Effective Date up to the date falling 6 months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).
"Holding Period Expiry Date"	means the last day of the Holding Period.
"Holding Period Trustee"	means the Company, as bare trustee of the Trust Assets for and on behalf of the Scheme Creditors, pursuant to the terms of the Holding Period Trust Deed.
"Holding Period Trust Deed"	means the trust deed to be executed on or before the Restructuring Effective Date by the Holding Period Trustee, the Information Agent and the Company for the benefit of the Ineligible Creditors, substantially in the form set out at Appendix 13 (<i>Holding Period Trust Deed</i>) to this Explanatory Statement.
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC.

"IFRS"	means the International Financial Reporting Standards.
"Indenture"	means the indenture dated 23 January 2018, as amended, supplemented, or otherwise modified from time to time, between the Company, the Parent Guarantor and the Notes Trustee pursuant to which the Notes were constituted.
"Ineligible Creditor"	means a Noteholder who is not an Eligible Creditor.
"Information Agent"	means D.F. King Ltd which is acting as information agent for the Company in connection with the Restructuring.
"Insolvency Proceeding"	means any proceeding, process, appointment or application under any law relating to insolvency, reorganisation, winding-up, or composition or adjustment of debts, including, without limitation, winding-up, liquidation, bankruptcy, provisional liquidation, receivership, administration, provisional supervision, company voluntary arrangement, scheme of arrangement, suspension of payment under court supervision or any other analogous proceedings in any jurisdiction (including any of the foregoing brought for the purpose of obtaining Cross-Border Recognition).
"Instruction Fee"	means a fixed amount of US\$2,000,000 to be paid as a condition to the occurrence of the Restructuring Effective Date, in cash, such that each Scheme Creditor that validly casts a vote in favour of the Scheme at the Scheme Meeting receives a proportion of such amount that reflects the proportion that the Notes to which such Scheme Creditor was entitled bore to the aggregate outstanding amount of the Notes held by all such Scheme Creditors, in each case at the Record Time.
"Intermediary"	means a Person (other than an Account Holder) who holds an interest in the Notes on behalf of another Person or other Persons.
"Issuer"	means the Company unless otherwise specified.
"Liability"	means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, BVI, or under any other law or in any other jurisdiction howsoever arising.
"Liquidation Analysis"	means the liquidation analysis as set out in Appendix 3 (<i>Liquidation Analysis</i>) to this Explanatory Statement.
"Listing Event"	has the meaning given to such term in the New Notes

Indenture.

"Majority Consenting Creditors"	means, at any time, Consenting Creditors who hold (in aggregate) more than 50% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors at that time.
"Management"	means the key management personnel of the Group, including the Board.
"Member States"	means a member state of the EEA.
"MiFID II"	means Directive 2014/65/EU.
"New Depositary"	means Citibank Europe Plc as common depositary for the Clearing Systems, acting through its nominee as registered holder of the New Notes and Enhanced Return Notes, Citivic Nominees Limited.
"New Global Notes"	means (a) each Global Note (as defined in the New Notes Indenture) evidencing the New Notes; and (b) each of the Global Note (as defined in the ERN Indenture) evidencing the Enhanced Return Notes.
"New Notes"	means the 4.00% guaranteed senior secured notes due 2029 to be issued by the Company pursuant to the New Notes Indenture and guaranteed by the Parent Guarantor, in an aggregate principal amount equal to (i) the Note Claim Amount, minus (ii) the aggregate principal amount of the Enhanced Return Notes.
"New Note Documents"	means, collectively: (a) the New Notes Indenture; (b) the Parent Guarantee; (c) the Subsidiary Guarantees (if any) (as defined in the New Notes Indenture); (d) the New Notes Debenture; (e) the New Notes Share Charge; (f) the New Notes Security Assignment; and (g) the New Notes.
"New Notes Debenture"	means the debenture to be granted by the Company in favour of the Collateral Agent, substantially in the form set out in Appendix 17 (<i>New Notes Debenture</i>).
"New Notes Indenture"	means the indenture relating to the New Notes, substantially in the form of the document in Appendix 11 (<i>New Notes Indenture</i>) to this Explanatory Statement, to be entered into between, amongst others, the Company, the Parent Guarantor and the New Notes Trustee.

"New Notes Security Assignment"	means the tripartite assignment agreement to be entered into by the Company, the Parent Guarantor and the Collateral Agent, substantially in the form set out in Appendix 15 (<i>New Notes Security Assignment</i>).
"New Notes Share Charge"	means the charge over shares in the Company to be granted by San Xin in favour of the Collateral Agent, substantially in the form set out in Appendix 16 (<i>New Notes Share Charge</i>).
"New Notes Collateral Documents"	means, collectively, the New Notes Debenture, the New Notes Share Charge and the New Notes Security Assignment.
"New Notes Trustee"	means Madison Pacific Trust Limited in its capacity as trustee under the New Notes Indenture or any successor trustee under the New Notes Indenture.
"Noteholders"	means those Persons with an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time.
"Noteholder Committee"	means the ad hoc committee of holders of the Notes (as constituted from time to time) which is represented by Dechert as legal advisers.
"Noteholder Committee Member"	means a member of the Noteholder Committee.
"Note Claim Amount"	means an amount equal to the sum of: (a) the outstanding principal amount of the Notes held by each Scheme Creditor as at the Record Time; plus (b) all accrued and unpaid interest on such Notes up to but excluding the Restructuring Effective Date. For the purposes of sub-paragraph (b) of this definition, interest on the Notes will be treated as having accrued at the rate of 7.99% per annum from 23 July 2020 until the original maturity date of the Notes (23 January 2021) and then shall be deemed to accrue at the rate of 4.0% per annum from 24 January 2021 until (but excluding) the Restructuring Effective Date.
"Note Documents"	means, collectively, the Notes, the Indenture and any related guarantees.
"Notes"	means the US\$200,000,000 7.99% senior notes due 2021 (ISIN: XS1733826181/ Common Code: 173382618) issued by the Company and guaranteed by the Parent Guarantor pursuant to the Indenture.
"Notes Trustee"	means Citicorp International Limited, in its capacity as trustee under the Indenture.
"Obligors"	means, collectively, the Company, the Parent Guarantor and each member of the Group who is a party to any New Notes Document.

"Parent Guarantee"	means the guarantee and indemnity granted by the Parent Guarantor pursuant to the New Notes Indenture.
"Parent Guarantor"	means Shandong Sanxing Group Company Ltd., a company incorporated with limited liability under the laws of the PRC.
"Person"	means any natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership, Governmental Entity or other entity whatsoever.
"Personnel"	means, in relation to any Person, its current and former officers, partners, directors, employees, staff, agents, counsel, advisers and other representatives, including without limitation, consultants and information agents.
"Post"	means delivery by pre-paid first class post or air mail or generally recognised commercial courier service; and "Posted" shall be construed accordingly.
"PRC"	means the People's Republic of China, and for the purpose of this Explanatory Statement, does not include Hong Kong, Macau or Taiwan.
"Proceeding"	means any process, suit, action, legal or other legal proceedings including without limitation any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, statutory demand, execution, distraint, forfeiture, re-entry, seizure, lien, enforcement of judgment, enforcement of any security or Insolvency Proceedings in any jurisdiction.
"Prospectus Regulation"	means Regulation (EU) 2017/1129.
"QIBs"	means "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act.
"Record Time"	means 11:00 a.m. on 23 July 2024 BVI time, the equivalent being 11:00 p.m. on 23 July 2024 Hong Kong time.
"Released Claim"	means any Scheme Claim, Ancillary Claim or any past, present and/or future Claim arising out of, relating to or in respect of: (a) the Note Documents; (b) the preparation, negotiation, sanction or implementation of the Scheme and/or the RSA; and/or (c) the execution of the Restructuring Documents and the carrying out of the steps and transactions contemplated therein in accordance with their terms (for the avoidance of doubt, excluding any Claims relating to the New Note Documents and/or the ERN Documents).

"Released Person"	means the Company, the Parent Guarantor, the other members of the Group and their Affiliates and their Personnel.
"Regulation D"	means Regulation D under the U.S. Securities Act.
"Regulation S"	means Regulation S under the U.S. Securities Act.
"Relevant Persons"	has the meaning given to it in Clause 3 (<i>Important Securities Law Notices</i>) of this Explanatory Statement.
"Remaining Enhanced Return Notes"	means Enhanced Return Notes with a principal amount equal to: (a) the principal amount of the Residual Enhanced Return Notes; less (b) the aggregate principal amount of Enhanced Return Notes distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual Enhanced Return Notes in accordance with the Holding Period Trust Deed.
"Remaining New Notes"	means New Notes with a principal amount equal to: (c) the principal amount of the Residual New Notes; less (d) the aggregate principal amount of New Notes distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual New Notes in accordance with the Holding Period Trust Deed.
"Residual Enhanced Return Notes"	means the portion of the Enhanced Return Notes which remains after distribution of the Enhanced Return Notes in accordance with Clause 7.2(b) of the Scheme.
"Residual New Notes"	means the portion of the New Notes which remains after distribution of the New Notes in accordance with Clause 7.2(b) of the Scheme.
"Restricted Notes"	means, with respect to a Consenting Creditor at any time, the aggregate outstanding principal amount of the Notes held by such Consenting Creditor and "Restricted Note" means any portion of the Restricted Notes (as applicable).
"Restricted Subsidiaries"	has the meaning given to it in Appendix 11 (<i>Form of New Notes Indenture</i>).
"Restructuring"	means the proposed restructuring debt and other financial obligations of the Company under the Notes Documents as contemplated by this Scheme and the other the Restructuring Documents.
"Restructuring Conditions"	means each of the conditions precedent to the occurrence of the Restructuring Effective Date as set out in Clause 17 of the Scheme.

"Restructuring Documents"		means, collectively, the Scheme, the Account Holder Letter, the New Notes, the Enhanced Return Notes, the New Global Notes, the New Notes Documents, the ERN Documents, the Deed of Release and the Holding Period Trust Deed.
"Restructuring Date"	Effective	means the date specified by the Company in a notice to the Scheme Creditors and the Notes Trustee, provided that such date: (a) is a Business Day; (b) is on or prior to the Business Day immediately preceding the occurrence of a Listing Event; (c) occurs after each of the Restructuring Conditions being satisfied in accordance with the terms of the Scheme; and (d) is a date within three (3) Business Days following the satisfaction of the Restructuring Conditions.
"RSA"		means the restructuring support agreement dated 13 December 2023.
"RSA Term Sheet"		means the restructuring term sheet set out in Schedule 4 (<i>Term Sheet</i>) of the RSA.
"Rule 144A"		means Rule 144A under the U.S. Securities Act.
"San Xin"		means San Xin Holdings Limited (三鑫控股有限公司), a company incorporated with limited liability in Hong Kong with company number 2558732 whose registered office is at Suites 1106-08, 11th floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong.
"Scheme"		means the scheme of arrangement between the Company and the Scheme Creditors pursuant to, and in compliance with, section 179A of the Companies Act in the form set out in Appendix 4 (<i>The Scheme</i>) to this Explanatory Statement subject to any modifications, additions or conditions that the BVI Court may approve or impose, provided that any such modification, addition or condition does not have a material adverse effect on the rights of the Scheme Creditors and is not prohibited by the terms of the Scheme.
"Scheme Claim"		means a Claim in respect of any Liability against the Company arising directly or indirectly out of, in relation to and/or in connection with the Note Documents, arising on or before the Record Time or which may arise after the Record Time as a result of an obligation or liability of the Company incurred or as a result of an event occurring or an act done on or before the Record Time (including, for the avoidance of doubt, any interest accruing on, or accretions arising in respect of, such Claims before or after the Record Time), but excluding the Excluded Liabilities.

"Scheme Consideration"		means, together, the New Notes (and, without double counting, any Residual New Notes) and, subject to satisfaction of the ERN Issuance Condition, the Enhanced New Notes (and, without double counting, any Residual Enhanced Return Notes).
"Scheme Hearing"	Convening	means the hearing before the BVI Court following which the BVI Court issued the Scheme Convening Order.
"Scheme Order"	Convening	means the order of the BVI Court dated 27 June 2024 ordering, amongst other things, that the Company be at liberty to convene a single meeting of Scheme Creditors for the purpose of considering and, if thought fit, approving the Scheme.
"Scheme Costs"		means the liability of the Company in respect of the fees, costs and expenses of the Advisers.
"Scheme Creditors"		means the creditors of the Company in respect of the Scheme Claims at the Record Time, including (but without double counting in each case), the Depositary, the Notes Trustee, each of the Noteholders, the Account Holders and Intermediaries.
"Scheme Creditor Parties"		means, in respect of a Scheme Creditor, its predecessors, successors, assigns, Designated Recipients, Affiliates and Personnel.
"Scheme Document"		means the composite document to be circulated by the Company to the holders of the Notes in relation to the Scheme, which will include (among other things) an explanatory statement and the terms of the Scheme.
"Scheme Effective Date"		means the first date at which all of the Conditions have been satisfied, as specified in the Scheme Effective Notice.
"Scheme Effective Notice"		means the notice to be issued by the Company and delivered to the Information Agent in accordance with clause 6.4 of the Scheme confirming satisfaction of the Conditions and specifying the Scheme Effective Date.
"Scheme Meeting"		means the meeting of Scheme Creditors convened at the direction of the BVI Court for the purpose of considering and, if thought fit, approving the Scheme with or without modification and any adjournment thereof.
"Scheme Hearing"	Sanction	means the hearing at the BVI Court of the petition in respect of the sanctioning of the Scheme.
"SEC"		means the U.S. Securities and Exchange Commission.
"Securities Representations"	Law	means the securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed.
"SFA"		means the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time.

"SFO"	means the Hong Kong Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).
"SGX-ST"	means Singapore Exchange Securities Trading Limited.
"Shareholder"	means a person who holds Shares at any time.
"Shares"	means the ordinary shares of the Company.
"Solicitation Packet"	means the packet of materials, including the Account Holder Letter and accompanying instructions, the Election Form, the Designated Recipient Form and the Distribution Confirmation Deed, all of which are available to Scheme Creditors at the Transaction Website, and at Appendix 6 (<i>Solicitation Packet</i>) to this Explanatory Statement.
"Subsidiary Guarantees"	has the meaning given to it in Appendix 11 (<i>Form of New Notes Indenture</i>) to this Explanatory Statement
"Super Majority Consenting Creditors"	means, at any time, Consenting Creditors who hold (in aggregate) more than 75% of the outstanding principal amount of the Notes held (in aggregate) by all Consenting Creditors, at that time.
"Transaction Website"	means https://www.dfkingltd.com/sanxing .
"Trust Assets"	has the meaning given to it in the Holding Period Trust Deed in the form set out in Appendix 12 (<i>Holding Period Trust Deed</i>) to this Explanatory Statement.
"United States"	means the United States of America.
"U.S. Bankruptcy Code"	means Title 11 of the United States Code.
"U.S. Securities Act"	means the U.S. Securities Act of 1933, as amended, including the rules and regulations promulgated by the SEC thereunder.
"US\$" or "USD"	the lawful currency for the time being of the United States.
"Voting Deadline"	means the Record Time and, for the avoidance of doubt, the latest time for lodging Account Holder Letters with the Information Agent for the purpose of voting at the Scheme Meeting.
"Work Fee"	means, a fixed amount of US\$1,000,000 to be paid to the Noteholder Committee, 70% of such amount to be paid in full in cash on or prior to the Restructuring Effective Date and the remainder within 45 calendar days thereafter, such that each Noteholder Committee Member will receive an amount equal to that Noteholder Committee Member's pro rata share calculated on the basis of the proportion that the Notes held (in aggregate) by that Noteholder Committee Member bears to the Notes held (in aggregate) by all of the Noteholder Committee Members at the Record Time.

Dear Sir or Madam,

AMC Capital Advisory Services Limited ("AMC"), an independent advisory firm incorporated in Hong Kong, pursuant to a letter of engagement dated 23rd April 2021 with Shandong Sanxing Group Company Ltd. ("Shandong Sanxing"), has been instructed to provide an independent third party valuation of a forced liquidation to be issued on a reliance basis to Shandong Sanxing Group Company Ltd. only, of the following group or entities (the "Project" or the "Report"):

1. Shandong Yuhang Special Alloy Equipment Co., Ltd.
2. Shandong Sanxing Machinery Manufacture Co., Ltd.
3. Zouping Xingyu Science & Technical Textile Co., Ltd.
4. Consolidated group level at Zouping Sanxing Grease Industry Co., Ltd.
5. Consolidated group level at Shandong Sanxing Group Company Ltd. excluding entities 1-4 listed above (collectively the "Relevant Entities" and/or "Group")

In preparing the Report AMC's role in reviewing any information has been limited solely to performing such review as is reasonably necessary to support its own advice and analysis. AMC has not independently verified the information that has been provided by Shandong Sanxing in relation to itself nor any of the Relevant Entities or broader group and the Report must be qualified in that context and length of time available to AMC for the review of such information. Furthermore, the Report has been prepared on a high level consolidated basis. Readers of this report should note that performing the liquidation analysis on a consolidated group basis has certain limitations with regards to reflecting accurately intergroup claims, cross guarantees, onshore PRC versus offshore structural subordination of the debt (i.e. onshore PRC debt structurally ranks higher than offshore debt in terms of the liquidation value distribution of onshore PRC assets). The findings of the Report should therefore be qualified in that context noting that a more detailed analysis may result in materially different recovery rates for individual creditors.

The Report below reflects the estimated cash proceeds, net of liquidation related costs, which would be available to the various creditors if the Relevant Entities were to be liquidated simultaneously on a fire sale basis. Underlying the Report are a number of estimates and assumptions regarding liquidation proceeds that, although developed and considered reasonable by AMC are inherently subject to significant business, economic, foreign exchange and competitive uncertainties and contingencies beyond the control of Shandong Sanxing and their management. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE REPORT WOULD BE REALIZED IF SHANDONG SANXING AND ITS SUBSIDIARIES WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. THE REPORT SHOULD BE VIEWED CORRESPONDINGLY AND IS BEING ISSUED ENTIRELY ON A RELIANCE BASIS ONLY TO SHANDONG SANXING GROUP COMPANY LTD.

The Report

Group Overview

Shandong Sanxing Group Company Limited and its subsidiaries (together the “Shandong Sanxing Group”) are principally engaged in edible corn oil manufacturing, lightweight aluminium alloy manufacturing and lightweight special vehicle manufacturing.

Corn Oil Manufacturing Segment

Corn oil manufacturing segment primarily includes the manufacturing and sales of corn germ and edible corn oil.

Lightweight Aluminium Alloy Manufacturing Segment

Lightweight aluminium alloy manufacturing segment primarily includes the manufacturing and sales of different type of aluminium alloy products. Their aluminium alloy products are sold to customers in rail transport, automotive and aerospace markets.

Lightweight Special Vehicle Manufacturing Segment

Lightweight special vehicle manufacturing segment primarily includes the manufacturing and sales of lightweight logistics equipment like aluminium stake trailers, aluminium box van trailers, and aluminium tank trailers for storage of oil, flammable liquid, edible oil, and cooking oil.

Others Segment

Others segment principally includes corn oil trading, the manufacturing of textile products, condiment products, provision of microfinance products, heat and electricity supply, the sale of renewable resources and real estate development.

Shandong Sanxing Group is headquartered in Handian Town, Zouping County, Shandong Province, the People’s Republic of China (“PRC”) and its operations are principally in the PRC.

An analysis of the Shandong Sanxing Group’s historical financial performance based on their financial reports is set out below:

Shandong Sanxing Group Financial Performance

RMB'000	FY2018	FY2019	FY2020	yoy
Consolidated P&L				
Revenue	11,855,170	11,782,866	11,847,440	0.5%
Less:				
Operating costs	9,555,664	9,483,348	9,796,068	
Taxes and sucharges	62,031	90,913	41,500	
Sales costs	464,207	460,752	426,823	
Management costs	285,046	329,904	348,867	
Research and Development costs	158,426	149,761	101,540	
Finance costs	629,643	583,134	361,311	
Add:				
Other income			3,927	
Investment income	821	(7,170)	22,187	
Asset impairment gain/(loss)	(4,986)	16,504	(61,138)	
Gain/(loss) on asset disposal	298	8,737	(475)	
Operating profit	696,285	703,125	735,831	4.7%
Add: Other income	33,411	22,268	28,064	
Less: Other expenses	5,674	2,317	12,172	
Total profit before tax	724,022	723,076	751,722	4.0%
Less: income tax	260,711	239,419	186,102	
Net profit	463,311	483,657	565,621	16.9%

FY2020 revenue slightly increased by 0.5% compared to that in FY2019 despite the Covid19 impact in FY2020. Shandong Sanxing Group experienced an increase in profit by 16.9% compared to that in FY2019 mainly driven by decreases in research and development costs, finance costs and income tax expense.

Revenue

RMB'000	FY2019	FY2020	yoy
Revenue by segment			
Corn oil	5,939,727	5,691,599	-4.2%
Lightweight Aluminium Alloy	3,065,726	3,027,487	-1.2%
Lightweight Special Vehicle	839,326	871,189	3.8%
Others	1,938,088	2,257,165	16.5%
Total	11,782,866	11,847,440	0.5%

FY2020 total revenue increase by 0.5% compared to that in FY2019 mainly due to the increases in revenue from others segment and lightweight special vehicle segment and were partially offset by the decreases in revenue from corn oil segment and lightweight aluminium segment.

Corn Oil Manufacturing Segment

RMB'000	FY2019	FY2020	yoy
Corn Oil			
Unit price (RMB per ton)	5,336	6,175	15.7%
Unit cost (RMB per ton)	4,189	5,108	21.9%
Volume ('000 ton)	1,113.1	921.8	-17.2%
Total Revenue	5,939,727	5,691,599	-4.2%
Total Cost of Sales	(4,663,005)	(4,708,675)	1.0%
Operating profit	1,276,722	982,923	-23.0%
Operating profit margin	21.5%	17.3%	

FY2020 revenue from the sales of corn oil dropped by 4.2% compared to that in FY2019 driven by a decrease in volume of corn oil sold in the PRC market due to the outbreak of COVID-19. The average unit price was up by 15.7% compared to that in FY2019 while the average unit cost was up by 21.9% and that resulted in a decrease of operating profit margin from 21.5% in FY2019 to 17.3% in FY2020.

Lightweight Aluminium Alloy Manufacturing Segment

RMB'000	FY2019	FY2020	yoy
Lightweight Aluminium Alloy			
Unit price (RMB per ton)	16,128	16,505	2.3%
Unit cost (RMB per ton)	13,115	13,822	5.4%
Volume ('000 ton)	190.1	183.4	-3.5%
Total Revenue	3,065,726	3,027,487	-1.2%
Total Cost of Sales	(2,492,978)	(2,535,407)	1.7%
Operating profit	572,748	492,081	-14.1%
Operating profit margin	18.7%	16.3%	

FY2020 revenue from the sales of lightweight aluminium alloy products was slightly down by 1.2% compared to that in FY2019 driven by a decrease in the volume sold due to COVID-19 outbreak in FY2020. The average unit price in FY2020 was up by 2.3% compared to that in FY2019 driven by an increase in the volume sold of lightweight aluminium alloy extrusion products which had a slightly higher unit price compared to other lightweight aluminium alloy products. The average unit cost was also up by 5.4% and that resulted in a decrease of operating profit margin from 18.7% in FY2019 to 16.3% in FY2020.

Lightweight Special Vehicle Manufacturing Segment

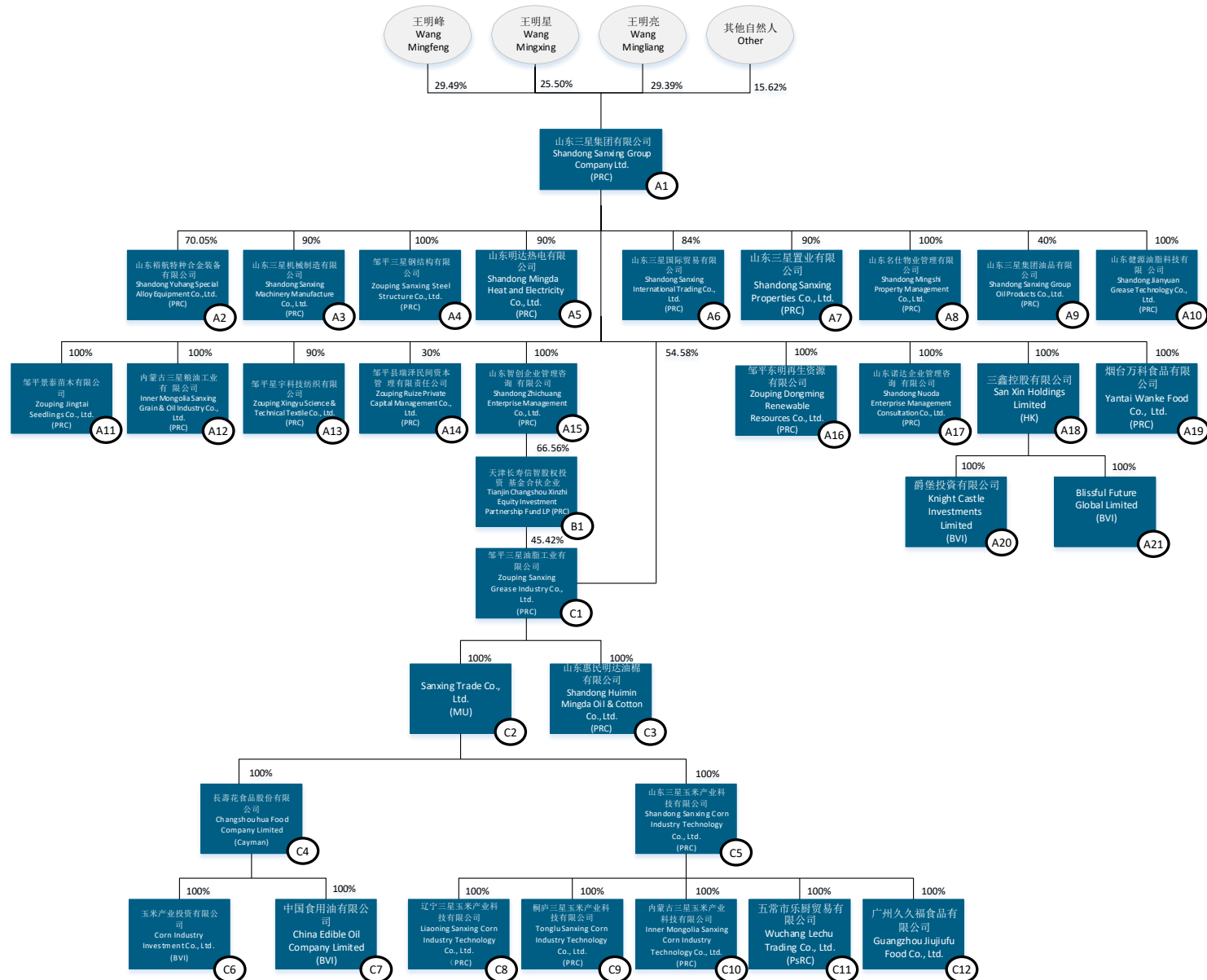
RMB'000	FY2019	FY2020	yoy
Lightweight Special Vehicle			
Unit price (RMB)	82,607	98,691	19.5%
Unit cost (RMB)	67,621	81,403	20.4%
Volume ('000)	10.2	8.8	-13.1%
Total Revenue	839,326	871,189	3.8%
Total Cost of Sales	(687,063)	(718,578)	4.6%
Operating profit	152,264	152,612	0.2%
Operating profit margin	18.1%	17.5%	

FY2020 revenue from the sales of lightweight special vehicle products increased by 3.8% compared to that in FY2019 driven mainly by the increase in average unit price of 19.5%. The volume of lightweight special vehicle sold in FY2020 was down by 13.1% compared to that in FY2019. The unit cost was up by 20.4% and that resulted in a decrease of operating profit margin from 18.1% in FY2019 to 17.5% in FY2020.

Corporate Structure

The activities and other particulars of Shandong Sanxing's principal subsidiaries are set out below:

Shandong Sanxing Group structure chart as of 31 December 2020



Code	Company	Place of Incorporation	Principal activities	Direct ownership	Indirect ownership	Standalone* assets as of 31 Dec 2020 (RMB'000)	Standalone* liabilities as of 31 Dec 2020 (RMB'000)	Standalone* net assets as of 31 Dec 2020 (RMB'000)
A1	Shandong Sanxing Group Company Ltd.	PRC	Investment holding	n/a	n/a	7,409,951	6,925,188	484,763
A2	Shandong Yuhang Special Alloy Equipment Co., Ltd.	PRC	Aluminium products manufacturing	70.05%	-	4,305,582	2,386,930	1,918,652
A3	Shandong Sanxing Machinery Manufacture Co., Ltd.	PRC	Machinery manufacturing	90%	-	1,351,639	127,950	1,223,689
A4	Zouping Sanxing Steel Structure Co., Ltd.	PRC	Machinery manufacturing	100%	-	76,572	5,000	71,572
A5	Shandong Mingda Heat and Electricity Co., Ltd.	PRC	Heat and electricity supply	90%	-	246,478	173,498	72,979
A6	Shandong Sanxing International Trading Co., Ltd.	PRC	Import and export trading	84%	-	215,185	69,175	146,009
A7	Shandong Sanxing Properties Co., Ltd.	PRC	Property management	90%	-	383,869	269,555	114,315
A8	Shandong Mingshi Property Management Co., Ltd.	PRC	Property management	100%	-	2,846	3,757	(910)
A9	Shandong Sanxing Group Oil Products Co., Ltd.	PRC	Commercial retail	40%	-	6,071	1,356	4,715
A10	Shandong Jianyuan Grease Technology Co., Ltd.	PRC	Food processing	100%	-	379,566	378,218	1,348
A11	Zouping Jingtai Seedlings Co., Ltd.	PRC	Seedling plantation	100%	-	2,178	15,752	(13,574)
A12	Inner Mongolia Sanxing Grain & Oil Industry Co., Ltd.	PRC	Food processing	100%	-	695,538	42,167	653,372
A13	Zouping Xingyu Science & Technical Textile Co., Ltd.	PRC	Textile processing	90%	-	1,816,844	1,773,817	43,027

Code	Company	Place of Incorporation	Principal activities	Direct ownership	Indirect ownership	Standalone* assets as of 31 Dec 2020 (RMB'000)	Standalone* liabilities as of 31 Dec 2020 (RMB'000)	Standalone* net assets as of 31 Dec 2020 (RMB'000)
A14	Zouping Ruize Private Capital Management Co., Ltd.	PRC	Investment advisory	30%	-	264,507	1,898	262,609
A15	Shandong Zhichuang Enterprise Management Co., Ltd.	PRC	Enterprise management advisory	100%	-	200,000	1	199,999
A16	Zouping Dongming Renewable Resources Co., Ltd.	PRC	Renewable resources production	100%	-	Not consolidated	Not consolidated	Not consolidated
A17	Shandong Nuoda Enterprise Management Consultation Co., Ltd.	PRC	Enterprise management advisory	100%	-	-	-	-
A18	San Xin Holdings Limited	Hong Kong	Food processing	100%	-	-	-	-
A19	Yantai Wanke Food Co., Ltd.	PRC	Food processing	100%	-	203,236	5,910	197,326
A20	Knight Castle Investments Limited	BVI	Investment holding	-	100%	1,220,587	1,231,600	(11,013)
A21	Blissful Future Global Limited	BVI	Investment holding	-	100%	-	-	-
C1	Zouping Sanxing Grease Industry Co., Ltd.	PRC	Food processing	54.58%	30.32%	4,961,033	2,845,373	2,115,660
C2	Sanxing Trade Co., Ltd.	Mauritius	Trading	-	84.81%	689,606	256,476	433,130
C3	Shandong Huimin Mingda Oil & Cotton Co., Ltd.	PRC	Agricultural product processing	-	84.81%	313,804	677	313,126
C4	Changshouhua Food Company Limited	Cayman	Food processing	-	84.81%	107,083	273,422	(166,339)
C5	Shandong Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	-	84.81%	4,871,098	911,029	3,960,070

Code	Company	Place of Incorporation	Principal activities	Direct ownership	Indirect ownership	Standalone* assets as of 31 Dec 2020 (RMB'000)	Standalone* liabilities as of 31 Dec 2020 (RMB'000)	Standalone* net assets as of 31 Dec 2020 (RMB'000)
C6	Corn Industry Investment Co., Ltd.	BVI	Investment holding	-	84.81%	105,188	107,319	(2,130)
C7	China Edible Oil Company Limited	BVI	Investment holding	-	84.81%	-	-	-
C8	Liaoning Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	-	84.81%	207,912	252,016	(44,104)
C9	Tonglu Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	-	84.81%	522,540	451,029	71,511
C10	Inner Mongolia Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	-	84.81%	118,857	161,174	(42,318)
C11	Wuchang Lechu Trading Co., Ltd.	PRC	Food processing	-	84.81%	-	-	-
C12	Guangzhou Jiujiufu Food Co., Ltd.	PRC	Food processing	-	84.81%	151,681	120,434	31,247

*Standalone assets, liabilities, and net assets include intra-group balances; The above figures are draft management figures

Note – Heilongjiang Sanxing Corn Industry Technology Co., Ltd., Weifang Ruimai Trading Co., Ltd. and Zouping Sanxing Used Car Dealer Co., Ltd. are not included in the above table since they had no actual business operations as of 31 December 2020.

Tianjin Changshou Xinzhi Equity Investment Partnership Fund LP (“Cinda Fund”) – This entity is a limited partnership set up by Cinda Capital Management Co., Ltd (“Cinda Capital”) as the general partner, China Cinda Asset Management Co.,Ltd. (“China Cinda”) as the preferential limited partner and Shandong Zhichuang Enterprise Management Company Limited, a wholly-owned subsidiary of Shandong Sanxing, as the deferred limited partner. This entity is not consolidated.

Debt Summary as of 31 December 2020 – Borrowing from Financial Institutions

Company	Lender	Amount Outstanding (RMB'000)	Start Date	Maturity Date	Interest rate	Type	Collateral	Guarantor
Short-term borrowing from financial institutions (“FIs”)								
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Development Bank of China	100,000	2020.07.15	2021.07.09	2.85%	Secured and guaranteed	Certain deposits of Yuhang (A2)	Shandong Sanxing (A1), Yuhang (A2)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Bank of China	80,000	2020.06.15	2021.06.14	4.93%	Guaranteed	-	Fuhua Chemical, Sanxing Machinery (A3)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Bank of China	40,000	2020.06.16	2021.06.15	4.93%	Guaranteed	-	Fukai Stainless Steel, Sanxing Machinery (A3)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Bank of China	50,000	2020.08.12	2021.08.10	4.93%	Guaranteed	-	Yuhang (A2), Sanxing Machinery (A3)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Bank of China	50,000	2020.09.15	2021.09.13	4.93%	Secured	Certain assets of Yuhang (A2)	-
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Bank of China	80,000	2020.12.09	2021.12.06	4.93%	Secured and guaranteed	Certain real estate assets of Shandong Sanxing (A1); Certain land properties of Jianyuan Grease (A10)	Wang Mingxing, Wang Mingfeng, Wang Mingliang
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Agricultural Bank of China	5,000	2020.09.22	2021.03.21	4.35%	Secured	Certificate of deposit	-
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Bank of China	90,000	2020.09.11	2021.09.11	4.79%	Secured and guaranteed	Certain real estate assets of Mingda (A5)	Shandong Sanxing (A1)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Bank of China	110,000	2020.09.23	2021.09.23	4.79%	Secured and guaranteed	Certain real estate assets of Mingda (A5)	Shandong Sanxing (A1)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Construction Bank	35,000	2020.04.28	2021.04.27	5.18%	Secured and guaranteed	Certain production facilities of Yuhang (A2)	Shandong Sanxing (A1)

Debt Summary as of 31 December 2020 – Borrowing from Financial Institutions

Company	Lender	Amount Outstanding (RMB'000)	Start Date	Maturity Date	Interest rate	Type	Collateral	Guarantor
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Construction Bank	102,000	2020.08.27	2021.08.26	5.00%	Secured and guaranteed	Certain production facilities of Yuhang (A2)	Shandong Sanxing (A1)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Construction Bank	90,000	2020.05.19	2021.03.18	5.00%	Secured and guaranteed	Certain production facilities of Yuhang (A2)	Shandong Sanxing (A1)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Industrial and Commercial Bank of China	100,000	2020.04.23	2021.04.21	5.22%	Secured and guaranteed	Certain production facilities of Mingda (A5)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Industrial and Commercial Bank of China	60,000	2020.07.13	2021.07.13	5.22%	Secured and guaranteed	Certain production facilities of Mingda (A5)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Industrial and Commercial Bank of China	60,000	2020.08.03	2021.07.27	5.22%	Secured and guaranteed	Certain production facilities of Mingda (A5)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Industrial and Commercial Bank of China	60,000	2020.08.06	2021.08.06	5.22%	Secured and guaranteed	Certain production facilities of Mingda (A5)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Zouping Rural Commercial Bank	49,500	2020.04.08	2021.04.07	6.96%	Secured and guaranteed	Certain production facilities of Xingyu (A13)	Yuhang (A2), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	The Export-Import Bank of China	130,000	2020.09.02	2021.09.01	3.85%	Secured	Certain real estate assets of Yuhang (A2)	-
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huaxia Bank	89,500	2020.11.18	2021.11.18	5.60%	Secured and guaranteed	Certain production facilities of Yuhang (A2)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huaxia Bank	18,300	2020.11.18	2021.11.03	5.60%	Secured and guaranteed	Certain real estate assets of Sanxing Grease (C1)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huaxia Bank	51,000	2020.12.03	2021.12.03	5.60%	Secured and guaranteed	Certain real estate assets of Yuhang (A2)	Shandong Sanxing (A1), Xingyu (A13)

Debt Summary as of 31 December 2020 – Borrowing from Financial Institutions

Company	Lender	Amount Outstanding (RMB'000)	Start Date	Maturity Date	Interest rate	Type	Collateral	Guarantor
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huaxia Bank	21,200	2020.12.03	2021.10.18	5.60%	Secured and guaranteed	Certain real estate assets of Wanke Food (A19)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Everbright Bank	20,000	2020.12.16	2021.06.16	5.01%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Sanxing Machinery (A3), Wang Mingxing
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Everbright Bank	30,000	2020.12.16	2021.11.16	5.01%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Sanxing Machinery (A3), Wang Mingxing
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Everbright Bank	30,000	2020.12.16	2021.12.15	5.01%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Sanxing Machinery (A3), Wang Mingxing
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Shanghai Pudong Development Bank.	45,000	2020.09.28	2021.06.25	4.35%	Secured and guaranteed	Certain land properties of Inner Mongolia Sanxing(C10)	Shandong Sanxing (A1), Xingyu (A13)
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Minsheng Bank	45,000	2020.12.11	2021.12.11	6.00%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), actual controller
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Minsheng Bank	50,000	2020.12.11	2021.12.11	6.00%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), actual controller
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China Minsheng Bank	50,000	2020.12.11	2021.12.11	6.00%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), actual controller
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huishang Bank	40,000	2020.04.09	2021.02.08	5.66%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Wang Mingfeng
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huishang Bank	5,000	2020.04.09	2021.04.08	5.66%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Wang Mingfeng

Debt Summary as of 31 December 2020 – Borrowing from Financial Institutions

Company	Lender	Amount Outstanding (RMB'000)	Start Date	Maturity Date	Interest rate	Type	Collateral	Guarantor
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huishang Bank	45,000	2020.04.13	2021.04.12	5.66%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Wang Mingfeng
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huishang Bank	45,000	2020.04.15	2021.04.14	5.66%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Wang Mingfeng
Zouping Sanxing Grease Industry Co., Ltd. (C1)	Huishang Bank	45,000	2020.04.17	2021.04.16	5.66%	Guaranteed	-	Shandong Sanxing (A1), Yuhang (A2), Wang Mingfeng
Shandong Sanxing Group Company Ltd. (A1)	Zouping Rural Commercial Bank	29,950	2020.03.18	2021.03.17	6.96%	Secured	Certain production facilities of Yuhang (A2)	-
Zouping Xingyu Science & Technical Textile Co., Ltd. (A13)	Zouping Rural commercial bank	29,500	2020.08.19	2021.08.18	6.96%	Secured and guaranteed	Certain production facilities of Yuhang (A2), Sanxing Machinery (A3) and Sanxing Grease (C1)	Wang Mingxing, Wang Mingfeng, Wang Mingliang, Yuan Heng
Zouping Xingyu Science & Technical Textile Co., Ltd. (A13)	Zouping Rural Commercial Bank	19,500	2020.03.18	2021.03.17	6.96%	Secured	Certain production facilities of Yuhang (A2)	-
Shandong Sanxing Machinery Manufacture Co., Ltd. (A3)	Zouping Rural Commercial Bank	29,950	2020.12.07	2021.12.06	6.96%	Secured and guaranteed	Certain production facilities of Mingda (A5)	Yuhang (A2)
Shandong Sanxing Machinery Manufacture Co., Ltd. (A3)	Shanghai Pudong Development Bank	30,000	2020.12.23	2021.06.22	4.35%	Secured and guaranteed	Certain real estate assets of Shandong Sanxing (A1) and Sanxing Grease (C1)	Sanxing Grease (C1), actual controller
Zouping Sanxing Steel Structure Co., Ltd. (A4)	Zouping Rural Commercial Bank	5,000	2020.01.08	2021.01.07	6.96%	Secured and guaranteed	Certain production facilities of Sanxing Machinery (A3)	Yuhang (A2)
Shandong Sanxing International Trading Co., Ltd. (A6)	Zouping Rural Commercial Bank	5,000	2020.01.08	2021.01.07	6.96%	Secured and guaranteed	Certain production facilities of Sanxing Machinery (A3)	Yuhang (A2)
Shandong Yuhang Special Alloy Equipment Co., Ltd. (A2)	HSBC	45,674	2020.09.17	2021.07.31	3.96%	Guaranteed	-	Shandong Sanxing (A1)

Debt Summary as of 31 December 2020 – Borrowing from Financial Institutions

Company	Lender	Amount Outstanding (RMB'000)	Start Date	Maturity Date	Interest rate	Type	Collateral	Guarantor
Tonglu Sanxing Corn Industry Technology Co., Ltd. (C9)	Hengfeng Rural Bank	5,000	2020.04.07	2021.04.01	6.00%	Guaranteed	-	Shandong Sanxing (A1)
Tonglu Sanxing Corn Industry Technology Co., Ltd. (C9)	Bank of Hangzhou	5,000	2020.10.29	2021.04.27	4.85%	Secured	Certain receivables	-
Tonglu Sanxing Corn Industry Technology Co., Ltd. (C9)	Bank of Hangzhou	5,000	2020.11.13	2021.05.10	4.85%	Secured	Certain receivables	-
Tonglu Sanxing Corn Industry Technology Co., Ltd. (C9)	Tonglu Rural Commercial Bank	3,000	2021.02.25	2022.02.24	4.05%	Unsecured	-	Tonglu Sanxing (C9)
Liaoning Sanxing Corn Industry Technology Co., Ltd. (C8)	Bank of Tieling	9,600	2020.04.03	2021.04.02	8.10%	Guaranteed	-	Shandong Sanxing (A1)
Inner Mongolia Sanxing Corn Industry Technology Co., Ltd.(C10)	Horqin District Credit Union	3,000	2020.04.07	2021.04.06	10.20%	Unsecured	-	Inner Mongolia Sanxing (C10)
	Subtotal (ST borrowing)	2,146,674						
Long-term borrowing from financial institutions								
Zouping Sanxing Grease Industry Co., Ltd. (C1)	China CITIC Bank	200,000	2020.12.28	2022.06.27	5.22%	Secured and guaranteed	Certain assets of Sanxing Properties (A7)	Shandong Sanxing (A1), Yuhang (A2)
	Total borrowing from FIs	2,346,674						

Debt Summary as of 31 December 2020 – Bonds

Issuer	Amount Outstanding (RMB'000)	Start Date	Maturity Date	Coupon	Type	Guarantor
Shandong Sanxing Group Company Ltd. (A1)	600,000	2018.9.12	2021.9.12	7.80%	RMB onshore PRC bonds	-
Shandong Sanxing Group Company Ltd. (A1)	500,000	2019.01.22	2022.01.22	8.00%	RMB onshore PRC bonds	-
Shandong Sanxing Group Company Ltd. (A1)	319,000	2019.08.30	2024.08.30	7.90%	RMB onshore PRC bonds	-
Knight Castle Investments Limited	1,304,980	2018.1.23	2021.1.23	7.99%	USD offshore notes	Shandong Sanxing Group Company Ltd.
Total	2,723,980					

Details of Restricted Assets as of 31 December 2020

Type	Pledgor	Net book value as of 31 Dec 2020 (RMB'000)	Pledgee
1) Pledged land, real estate properties	Sanxing Machinery (A3)	133,271	Agricultural Development Bank of China
	Shandong Sanxing (A1), Jianyuan Grease (A10)	139,618	Agricultural Bank of China
	Shandong Sanxing (A1), Mingda (A5)	164,243	Bank of China
	Yuhang (A2)	238,635	The Export-Import Bank of China
	Yuhang (A2)	204,006	Huaxia Bank
	Sanxing Grease (C1)	45,104	Huaxia Bank
	Yuhang (A2)	118,539	Huaxia Bank
	Wanke Food (A19)	49,526	Huaxia Bank
	Shandong Sanxing (A1), Sanxing Grease (C1)	50,024	Shanghai Pudong Development Bank
	Inner Mongolia Sanxing (C10)	81,104	Shanghai Pudong Development Bank
	Sanxing Properties (A7)	165,799	China CITIC Bank
	Subtotal	1,389,869	
2) Pledged machinery/facilities	Yuhang (A2)	204,651	Agricultural Bank of China
	Mingda (A5)	287,287	Industrial and Commercial Bank of China
	Yuhang (A2)	113,268	China Construction Bank
	Xingyu (A13)	58,473	Zouping Rural Commercial Bank
	Yuhang (A2)	100,993	Zouping Rural Commercial Bank
	Mingda (A5)	100,134	Zouping Rural Commercial Bank
	Sanxing Machinery (A3)	16,854	Zouping Rural Commercial Bank
	Sanxing Machinery (A3)	17,128	Zouping Rural Commercial Bank
	Sanxing Grease (C1), Yuhang (A2), Sanxing Machinery (A3)	99,001	Zouping Rural Commercial Bank
	Yuhang (A2)	66,832	Zouping Rural Commercial Bank
	Subtotal	1,064,621	
3) Security Deposits	Sanxing Grease (C1)	50,000	China Minsheng Bank
	Sanxing Grease (C1)	50,000	China Everbright Bank
	Sanxing Grease (C1)	50,000	China Everbright Bank
	Sanxing Grease (C1)	50,000	China Everbright Bank
	Yuhang (A2)	50,000	Huaxia Bank
	Yuhang (A2)	50,000	Huaxia Bank
	Sanxing Grease (C1)	21,060	The Export-Import Bank of China
	Sanxing Grease (C1)	50,000	China Zheshang Bank
	Sanxing Grease (C1)	5,000	The Export-Import Bank of China
	Sanxing Grease (C1)	5,250	Agricultural Bank of China
	Yuhang (A2)	6,000	Agricultural Development Bank of China
	Subtotal	387,310	
	Total Restricted Assets	2,841,800	

General notes to this liquidation analysis

Scope and Approach of this liquidation analysis

The liquidation analysis has been separated into two stages. In the first stage, liquidation analyses have been performed on select significant onshore PRC subsidiaries or group of subsidiaries, which are less than 100% owned by the Shandong Sanxing Group.

In the second stage, considering the liquidation value distribution from the select subsidiaries or group of subsidiaries in the first stage, liquidation analysis has then been performed on a consolidated group basis at Shandong Sanxing Group Company Ltd. excluding the select subsidiaries or group of subsidiaries in the first part of the Report (“Consolidated Sanxing Group ex select subsidiaries”).

The rationale behind the approach is that consolidated group financial position consolidates 100% of the assets and liabilities of the entities which are not 100% owned by the Shandong Sanxing Group and that is inconsistent with their economic interest in these entities.

1st stage – Liquidation Analysis on Significant Onshore PRC Subsidiaries or Group of Subsidiaries

Zouping Sanxing Grease Industry Co., Ltd. and its subsidiaries (together the “Sanxing Grease Group”), Shandong Yuhang Special Alloy Equipment Co., Ltd. (“Shandong Yuhang”), Shandong Sanxing Machinery Manufacture Co., Ltd. (“Sanxing Machinery”) and Zouping Xingyu Science & Technical Textile Co., Ltd. (“Zouping Xingyu”) are the select significant onshore PRC subsidiaries or group of subsidiaries for the first stage of the liquidation analysis.

The below table sets forth the select subsidiaries or group of subsidiaries:

Code	Company	Place of incorporation	Principal activities	Ownership
A2	Shandong Yuhang Special Alloy Equipment Co., Ltd.	PRC	Machinery manufacturing	70.05%
A3	Shandong Sanxing Machinery Manufacture Co., Ltd.	PRC	Machinery manufacturing	90%
A13	Zouping Xingyu Science & Technical Textile Co., Ltd.	PRC	Textile processing	90%
Sanxing Grease Group				
C1	Zouping Sanxing Grease Industry Co., Ltd.	PRC	Food processing	84.81%
C2	Sanxing Trade Co., Ltd.	Mauritius	Trading	84.81%
C3	Shandong Huimin Mingda Oil & Cotton Co., Ltd.	PRC	Agricultural product processing	84.81%
C4	Changshouhua Food Company Limited	Cayman	Food processing	84.81%
C5	Shandong Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	84.81%
C6	Corn Industry Investment Co., Ltd.	BVI	Investment holding	84.81%
C7	China Edible Oil Company Limited	BVI	Investment holding	84.81%
C8	Liaoning Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	84.81%
C9	Tonglu Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	84.81%

C10	Inner Mongolia Sanxing Corn Industry Technology Co., Ltd.	PRC	Food processing	84.81%
C11	Wuchang Lechu Trading Co., Ltd.	PRC	Trading	84.81%
C12	Guangzhou Jiujiufu Food Co., Ltd.	PRC	Food processing	84.81%

2nd stage - Liquidation Analysis on Consolidated Sanxing Group ex Select Subsidiaries

Considering the liquidation value distribution from the select subsidiaries or group of subsidiaries in the first stage of the liquidation analysis, liquidation analysis has then performed on Consolidated Sanxing Group ex select subsidiaries, which includes the below group entities:

Code	Company	Place of incorporation	Principal activities	Ownership
A1	Shandong Sanxing Group Company Ltd.	PRC	Investment holding	n/a
A4	Zouping Sanxing Steel Structure Co., Ltd.	PRC	Machinery manufacturing	100%
A5	Shandong Mingda Heat and Electricity Co., Ltd.	PRC	Heat and electricity supply	90%
A6	Shandong Sanxing International Trading Co., Ltd.	PRC	Import and export trading	84%
A7	Shandong Sanxing Properties Co., Ltd.	PRC	Property management	90%
A8	Shandong Mingshi Property Management Co., Ltd.	PRC	Property management	100%
A9	Shandong Sanxing Group Oil Products Co., Ltd.	PRC	Commercial retail	40%
A10	Shandong Jianyuan Grease Technology Co., Ltd.	PRC	Food processing	100%
A11	Zouping Jingtai Seedlings Co., Ltd.	PRC	Seedling plantation	100%
A12	Inner Mongolia Sanxing Grain & Oil Industry Co., Ltd.	PRC	Food processing	100%
A14	Zouping Ruize Private Capital Management Co., Ltd.	PRC	Investment advisory	30%
A15	Shandong Zhichuang Enterprise Management Co., Ltd.	PRC	Enterprise mgt. advisory	100%
A17	Shandong Nuoda Enterprise Management Consultation Co., Ltd.	PRC	Enterprise mgt. advisory	100%
A18	San Xin Holdings Limited	Hong Kong	Food processing	100%
A19	Yantai Wanke Food Co., Ltd.	PRC	Food processing	100%
A20	Knight Castle Investments Limited	BVI	Investment holding	100%
A21	Blissful Future Global Limited	BVI	Investment holding	100%

Book Values

Unless stated otherwise, the book values used in this liquidation analysis are audited book values of the Shandong Sanxing Group entities as of 31 December 2020 sourced from FY2020 annual report of Shandong Sanxing Group Company Ltd. except the book values of Sanxing Grease Group, Shandong Yuhang, Sanxing Machinery and Zouping Xingyu, which un-audited book values as of 31 December 2020 provided by Shandong Sanxing's management were used.

Cash and Cash equivalents

The liquidation analysis assumes that operations during the liquidation period would not generate additional cash available for distribution.

Accounts Receivable

The analysis of accounts receivable assumes that a liquidation trustee would retain certain existing staff of the entities to handle an aggressive collection effort for outstanding trade and bills accounts receivables. Collection of accounts receivable during a liquidation of the Shandong Sanxing Group entities may be compromised by the credit quality of the counterparties, the age of the receivable and geographic location of the counterparty.

Inventory

The liquidation value of the inventory assumes a broader reduction in demand for product and partially offset by higher market prices for both raw materials and finished goods as evidenced by Shandong Sanxing Group's financial performance in FY2020.

Other receivables

In the absence of further breakdown on other receivables by each entity, the liquidation analysis assumes the recovery rate of the other receivables of subsidiaries or group of subsidiaries is in line with the Shandong Sanxing Group. The below table sets forth the estimated recovery rate applied to the net book values of other receivables according to their age:

	Estimated Recovery Rate
< 1 year	30%-40%
1-2 years	20%-30%
2-3 years	10%-20%
> 3 years	0%

Distribution of Equity Value of Liquidated Subsidiaries

If value remains after the satisfaction of all secured and unsecured claims, it will be distributed to the parent of the legal entity provided that the shares of the subsidiaries are not pledged as security for any borrowings.

Costs associated with liquidation in relation to Shandong Sanxing Group entities incorporated in People's Republic of China, British Virgin Islands, Hong Kong, Mauritius and Cayman

Costs associated with liquidation such as liquidation trustee fees, professional fees, and wind down costs are estimated to be 5% of the total cash generated during the liquidation.

Liquidation trustee fees include those fees associated with the appointment of a liquidation trustee in places which the Shandong Sanxing Group have business operation.

Professional fees include the cost of liquidators, attorneys, accountants, brokers and other professionals retained by the trustee during the liquidation period.

Intercompany claims

The liquidation analysis assumes intercompany claims are netted against each other (i.e. the amount due from a group entity is netted against the amount due to the same group entity) in a liquidation scenario.

For simplicity purposes, the amount due from Consolidated Sanxing Group ex select subsidiaries to select subsidiaries or group of subsidiaries is assumed to be zero.

Borrowings

The liquidation analysis is based on the debt amount as of 31 December 2020 according to the audited accounts reported in the FY2020 annual report of Shandong Sanxing Group Company Ltd.

Guarantees

In the absence of information on entities other than the Relevant Entities, the value of guarantees provided by companies and individuals outside the Relevant Entities is assumed to be zero.

Furthermore, the liquidation analysis assumes the guarantees provided by the Shandong Sanxing group companies for companies outside of the group are not enforced as of 31 December 2020 unless it is recorded as estimated liabilities on the balance sheet of the audited accounts. Also, cross guarantees within the Shandong Sanxing Group are not considered in this liquidation analysis for simplicity purposes.

Secured Lenders

For simplicity purposes, in order to determine the total amount due to secured lenders, the liquidation analysis does not consider the ownership of the collateral as they may belong to different Shandong Sanxing Group entities or group of entities.

Agreed Return Provided to the Cinda Group

According to the document dated 27th October 2020 jointly issued by Sanxing Trade Co., Ltd. and Changshouhua Food Company Limited, China Cinda provided RMB 1.0 billion to help finance the privatization of HKSE listed subsidiary Changshouhua. We further note that China Cinda and its subsidiaries and associated companies (including Cinda Fund) (together the “Cinda Group”), in line with its role as a financier, will be provided with an agreed return which will be ranked in priority under Cinda Fund, and other protective measures (including any shortfall in providing such agreed return to Cinda Group will be assumed and repaid by Shandong Sanxing, Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang).

We understand that further details on the agreed return to Cinda Group have been kept confidential and therefore this liquidation analysis assumes zero agreed return provided to Cinda Group and any

shortfall in returning the RMB1.0 billion contribution provided by China Cinda from the liquidation value will constitute an unsecured claim against Shandong Sanxing.

Limitations on Performing Liquidation Analysis on a Consolidated Group Basis

The Report has been prepared on a high level consolidated basis. Readers of this report should note that performing the liquidation analysis on a consolidated group basis has certain limitations with regards to reflecting accurately intergroup claims, cross guarantees, onshore PRC versus offshore structural subordination of the debt (i.e. onshore PRC debt structurally ranks higher than offshore debt in terms of the liquidation value distribution of onshore PRC assets). The findings of the Report should therefore be qualified in that context noting that a more detailed analysis may result in materially different recovery rates for individual creditors.

Shandong Yuhang Special Alloy Equipment Co., Ltd. (A2) - Overview of estimated return to creditors from liquidation

	Notes	NBV/FV RMB'000	Low	% Recovery			ERV (Low) RMB'000	ERV (Mid) RMB'000	ERV (High) RMB'000
				Mid	High				
Cash and bank balance		11,037	100%	100%	100%	11,037	11,037	11,037	11,037
Bills receivable	1	76,446	100%	100%	100%	76,446	76,446	76,446	76,446
Accounts receivable	2	277,903	40%	45%	50%	110,941	124,837	138,732	138,732
Prepayment	3	89,507	0%	0%	0%	-	-	-	-
Other receivables	4	6,942	25%	30%	35%	1,732	2,072	2,411	2,411
Inventory	5	969,570	25%	30%	35%	242,392	290,871	339,349	339,349
Other current assets	6	11,027	7%	8%	10%	728	910	1,092	1,092
Available for sale financial assets	7	736,311	10%	20%	30%	73,631	147,262	220,893	220,893
Fixed assets	8	1,992,851	14%	18%	21%	285,322	356,755	428,188	428,188
Intangible assets	9	126,652	55%	59%	64%	69,152	74,915	80,677	80,677
Deferred tax assets	10	44	0%	0%	0%	-	-	-	-
Total Proceeds from Assets		4,298,290				871,382	1,085,103	1,298,825	1,298,825
Costs associated with liquidation						(43,569)	(54,255)	(64,941)	(64,941)
Estimated Net Proceeds Available for Distribution						827,812	1,030,848	1,233,884	1,233,884
Distributions to Creditors									
Priority creditors									
- Tax payables		17,195	100.0%	100.0%	100.0%	17,195	17,195	17,195	17,195
- Employee entitlements	11	21,420	100.0%	100.0%	100.0%	21,420	21,420	21,420	21,420
Unsecured creditors									
- Unsecured lenders	12	45,674	35.4%	44.6%	53.7%	16,190	20,355	24,520	24,520
- General unsecured creditors	13	114,659	35.4%	44.6%	53.7%	40,642	51,098	61,554	61,554
- Amount due to group companies (adjusted)	14	2,066,141	35.4%	44.6%	53.7%	732,365	920,780	1,109,195	1,109,195
						827,812	1,030,848	1,233,884	1,233,884

Notes – Shandong Yuhang Special Alloy Equipment Co., Ltd. (A2)

1. Bills Receivable

This consists of bank acceptance bills owned by Shandong Yuhang. The recovery rate of bills receivable is estimated to be 100%.

2. Accounts Receivable

Top 5 counterparties

Company	Amount (RMB'000)	% of total net book value
Shenzhen BYD Supply Chain Management Co., Ltd.	16,113	5.8%
Guangdong Changying Precision Technology Co., Ltd.	9,591	3.5%
Suzhou Akcome Metal Technology Co., Ltd.	8,128	2.9%
Chongqing Tongang Trading Co., Ltd.	7,431	2.7%
Shandong Yousheng Aluminum Co., Ltd.	7,051	2.5%
Total	48,314	17.4%

Majority of the top 5 counterparties are automotive sector related companies like Shenzhen BYD Supply Chain Management Co., Ltd. and Shandong Yousheng Aluminum Co., Ltd. In the absence of further details on the rest of its counterparties and further breakdown on the accounts receivable aged within 1 year, the recovery rate of accounts receivable is estimated to be in the range shown in the below table:

	Estimated Recovery Rate
< 1 year	40%-50%
1-2 years	30%-40%
2-3 years	15%-25%
> 3 years	0%

3. Prepayment

In the absence of further information on the prepayment, this liquidation analysis assumes the prepayment is related to services contracts or purchase orders that will subsequently be unfulfilled and therefore, the recovery rate of repayment is estimated to be zero.

4. Other Receivables

In the absence of further breakdown on other receivables, this liquidation analysis assumes the recovery rate of other receivables is in line with the Shandong Sanxing Group, which is estimated to be between 25% and 35%. Please refer to the general notes to this liquidation analysis for more details.

5. Inventory

Inventory consists of raw materials (38%), work-in-progress (8%), and finished goods (54%).

The principal raw material for producing lightweight aluminium alloy product is aluminium ingot. Considering the c.5% increase in average unit costs of lightweight aluminium alloy product in FY2020 compared to that in FY2019, the recovery rate of inventory is estimated to be between 25% and 35%.

6. Other Current Assets

According to the FY2020 annual report of Shandong Sanxing, around 66% of other current assets are related to VAT credit and prepaid corporate income tax and the rest are microfinance loans. The recovery rate of other current assets is estimated to be between 7% and 10%.

7. Available for Sale Financial Assets

In the absence of further details on available for sale financial assets, the recovery rate of this asset is estimated to be between 10% and 30%.

8. Fixed assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Buildings and facilities	564,194	0%	0%	0%	-	-	-
Machinery and equipment	1,424,436	20%	25%	30%	284,887	356,109	427,331
Vehicles	128	20%	25%	30%	26	32	38
Office and electronic equipment	4,093	10%	15%	20%	409	614	819
Total	1,992,851	14%	18%	21%	285,322	356,755	428,188

Buildings and Facilities

Given the buildings on the existing land is assumed to be demolished given the sale of the land under liquidation scenario, the recovery rate of the existing buildings is estimated to be zero.

Machinery and Equipment

The principal business of Shandong Yuhang is the manufacturing of aluminium alloy products. It has the capacity to produce 150,000 tons of aluminium alloy product with fully computer numerical control production lines.

The machinery and equipment are highly specialised (e.g. 12,500T aluminium extrusion machine and aluminium billet hot shear furnace) and would have few alternative uses. Therefore, the market for these machineries would be limited, the estimated recovery rate machinery and equipment is estimated to be between 20% and 30%.

Vehicles

In the absence of further information on the vehicles, the recovery rate of vehicles is estimated to be between 20% and 30%.

Office and Electronic Equipment

In the absence of further information on the office and electronic equipment, the recovery rate of this is estimated to be between 10% and 20%.

9. Intangible Assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Land use rights	126,652	55%	59%	64%	69,152	74,915	80,677

Shandong Yuhang hold the land use rights to the underlying parcels of land for their facilities. Assuming the land use rights may be sold for 60%-70% of the net book value including 9% VAT on the proceeds, the recovery rate of the land use rights is estimated to be between 55% and 64% of the net book value.

10. Deferred Tax Assets

In a liquidation scenario, the recovery rate of deferred income tax assets is estimated to be zero.

11. Employee Entitlements

This consists of the accrued salaries and severance cost estimated by the management.

12. Unsecured Lenders

Type	Currency	Amount (RMB'000)
Borrowings from banks	RMB	45,674

13. General Unsecured Creditors

This consists of accounts payable (RMB 49.7 million), advance from customers (RMB 20.4 million) and other payables (RMB 44.6 million).

14. Amount Due to Group Companies (adjusted)

Amount due to (adjusted)	Amount (RMB'000)
Shandong Sanxing Group Company Ltd. (A1)	1,498,570
Zouping Sanxing Grease Industry Co., Ltd. (C1)	567,571
Total	2,066,141

Shandong Sanxing Machinery Manufacture Co., Ltd. (A3) - Overview of estimated return to creditors from liquidation

	Notes	NBV/FV RMB'000	Low	% Recovery			ERV (Low) RMB'000	ERV (Mid) RMB'000	ERV (High) RMB'000
				Mid	High				
Cash and bank balance		453	100%	100%	100%	453	453	453	
Bills receivable	1	57,694	100%	100%	100%	57,694	57,694	57,694	
Accounts receivable	2	60,748	39%	44%	49%	23,911	26,949	29,986	
Prepayment	3	68,632	0%	0%	0%	-	-	-	
Other receivables	4	4,634	25%	30%	35%	1,156	1,383	1,610	
Inventory	5	177,968	25%	30%	35%	44,492	53,390	62,289	
Fixed assets	6	623,811	6%	7%	8%	34,568	43,238	51,909	
Intangible assets	7	17,181	55%	59%	64%	9,381	10,162	10,944	
Amount due from group companies (adjusted)	8	340,401	0%	0%	0%	-	-	-	
Total Proceeds from Assets		1,351,522				171,654	193,269	214,884	
Costs associated with liquidation						(8,583)	(9,663)	(10,744)	
Estimated Net Proceeds Available for Distribution						163,072	183,606	204,140	
Distributions to Creditors									
Secured lenders	9	59,950	100.0%	100.0%	100.0%	59,950	59,950	59,950	
Priority creditors									
- Tax payables		16,656	100.0%	100.0%	100.0%	16,656	16,656	16,656	
- Employee entitlements	10	13,453	100.0%	100.0%	100.0%	13,453	13,453	13,453	
Unsecured creditors									
- General unsecured creditors	11	47,952	100.0%	100.0%	100.0%	47,952	47,952	47,952	
						138,011	138,011	138,011	
Distribution to Equity Holders						25,061	45,595	66,129	
Distribution to Shandong Sanxing (A1) - 90% shareholding						22,555	41,035	59,516	

Notes – Shandong Sanxing Machinery Manufacture Co., Ltd. (A3)

1. Bills Receivable

This consists of bank acceptance bills owned by Sanxing Machinery. The recovery rate of bills receivable is estimated to be 100%.

2. Accounts Receivable

Top 5 counterparties

Company	Amount (RMB'000)	% of total net book value
Jining Xinshengtai Automobile Sales Service Co., Ltd.	2,400	4.0%
Jiangxi Shunfeng Zhida Network Technology Co., Ltd.	2,387	3.9%
Nanhe County Xingshun Cargo Transportation Co., Ltd.	2,373	3.9%
Panjin Chengji Logistics Co., Ltd.	2,260	3.7%
Xingtai Guohe Tongyun Automobile Trading Co., Ltd.	2,260	3.7%
Total	11,680	19.2%

Majority of the counterparties are logistics sector related companies based in the PRC. In the absence of further breakdown on the account receivable aged within 1 year, the recovery rate of accounts receivable is estimated to be in the range shown in the below table:

	Estimated Recovery Rate
< 1 year	40%-50%
1-2 years	30%-40%
2-3 years	15%-25%
> 3 years	0%

3. Prepayment

In the absence of further information on the prepayment, this liquidation analysis assumes the prepayment is related to services contracts or purchase orders that will subsequently be unfulfilled and therefore, the recovery rate of repayment is estimated to be zero.

4. Other Receivables

In the absence of further breakdown on other receivables, this liquidation analysis assumes the recovery rate of other receivables is in line with the Shandong Sanxing Group, which is estimated to be between 25% and 35%. Please refer to the general notes to this liquidation analysis for more details.

5. Inventory

Inventory consists of raw materials (15%), work-in-progress (12%), and finished goods (73%).

Considering the majority of the inventories are finished goods and the principal business of Sanxing Machinery is the production of aluminium trailer products to be used in the logistics sector, the recovery rate of inventory is estimated to be between 25% and 35%.

6. Fixed Assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Buildings and facilities	450,399	0%	0%	0%	-	-	-
Machinery and equipment	171,920	20%	25%	30%	34,384	42,980	51,576
Vehicles	343	20%	25%	30%	69	86	103
Office and electronic equipment	1,149	10%	15%	20%	115	172	230
Total	623,811	6%	7%	8%	34,568	43,238	51,909

Buildings and Facilities

Given the buildings on the existing land is assumed to be demolished given the sale of the land under liquidation scenario, the recovery rate of the existing buildings is estimated to be zero.

Machinery and Equipment

The principal business of Shandong Sanxing Machinery is the manufacturing of aluminium trailer products. It has the capacity to produce 10,000 units of aluminium trailer per year.

The machinery and equipment are highly specialised (e.g. CNC welding machine and tank wrapping machine) and would have few alternative uses. Therefore, the market for these machineries would be limited, the estimated recovery rate machinery and equipment is estimated to be between 20% and 30%.

Vehicles

In the absence of further information on the vehicles, the recovery rate of vehicles is estimated to be between 20% and 30%.

Office and Electronic Equipment

In the absence of further information on the office and electronic equipment, the recovery rate of this is estimated to be between 10% and 20%.

7. Intangible Assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Land use rights	17,181	55%	59%	64%	9,381	10,162	10,944

Sanxing Machinery hold the land use rights to the underlying parcels of land for their facilities. Assuming the land use rights may be sold for 60%-70% of the net book value including 9% VAT on

the proceeds, the recovery rate of the land use rights is estimated to be between 55% and 64% of the net book value.

8. Amount Due from Group Companies (adjusted)

Amount due from group companies (adjusted)	Amount (RMB'000)
Shandong Sanxing Group Company Ltd. (A1)	340,401

9. Secured Lenders

Lender	Amount (RMB'000)	Collateral
Zouping Rural Commercial Bank	29,950	Certain production facilities of Mingda (A5)
Shanghai Pudong Development Bank	30,000	Certain real estate assets of Shandong Sanxing (A1) and Sanxing Grease (C1)
Total	59,950	

10. Employee Entitlements

This consists of the accrued salaries and severance cost estimated by the management.

11. General Unsecured Creditors

This consists of accounts payable (RMB 25.5 million), advance from customers (RMB 16.8 million) and other payables (RMB 5.7 million).

Zouping Xingyu Science & Technical Textile Co., Ltd. (A13) - Overview of estimated return to creditors from liquidation

	Notes	NBV/FV RMB'000	Low	% Recovery		ERV (Low) RMB'000	ERV (Mid) RMB'000	ERV (High) RMB'000
				Mid	High			
Cash and bank balance		327	100%	100%	100%	327	327	327
Bills receivable	1	66,000	100%	100%	100%	66,000	66,000	66,000
Accounts receivable	2	73,074	30%	35%	40%	21,922	25,576	29,230
Prepayment	3	3,574	0%	0%	0%	-	-	-
Other receivables	4	5,965	25%	30%	35%	1,488	1,780	2,072
Inventory	5	221,495	20%	25%	30%	44,299	55,374	66,448
Available for sale financial assets	6	80,000	10%	20%	30%	8,000	16,000	24,000
Fixed assets	7	1,216,133	17%	22%	26%	211,161	264,083	317,004
Intangible assets	8	150,276	55%	59%	64%	82,051	88,888	95,726
Total Proceeds from Assets		1,816,844				435,249	518,028	600,808
Costs associated with liquidation						(21,762)	(25,901)	(30,040)
Estimated Net Proceeds Available for Distribution						413,486	492,127	570,767
Distributions to Creditors								
Secured lenders	9	49,000	100.0%	100.0%	100.0%	49,000	49,000	49,000
Priority creditors								
- Tax payables		1,120	100.0%	100.0%	100.0%	1,120	1,120	1,120
- Employee entitlements	10	6,136	100.0%	100.0%	100.0%	6,136	6,136	6,136
Unsecured creditors								
- General unsecured creditors	11	20,295	20.8%	25.3%	29.9%	4,213	5,141	6,068
- Amount due to group companies (adjusted)	12	1,700,516	20.8%	25.3%	29.9%	353,017	430,730	508,443
						413,486	492,127	570,767

Notes - Zouping Xingyu Science & Technical Textile Co., Ltd. (A13)

1. Bills Receivable

This consists of bank acceptance bills owned by Zouping Xingyu. The recovery rate of bills receivable is estimated to be 100%.

2. Accounts Receivable

Top 5 counterparties

Company	Amount (RMB'000)	% of total net book value
Qingdao Huarui Textile Co., Ltd.	17,831.29	24.4%
Qingdao Tiansilu Home Textile Co., Ltd.	15,065.96	20.6%
Binzhou Kaijun Textile Co., Ltd.	13,178.15	18.0%
Qingdao Dahao Textile Co., Ltd.	9,797.53	13.4%
Nantong Baoruilong Industry and Trade Co., Ltd.	5,410.02	7.4%
Total	61,282.94	83.9%

The top 5 counterparties of the accounts receivable are textile related companies based in the PRC. In the absence of further breakdown on the account receivable aged within 1 year, the recovery rate of accounts receivable is estimated to be in the range shown in the below table:

	Estimated Recovery Rate
< 1 year	30%-40%

3. Prepayment

In the absence of further information on the prepayment, this liquidation analysis assumes the prepayment is related to services contracts or purchase orders that will subsequently be unfulfilled and therefore, the recovery rate of repayment is estimated to be zero.

4. Other Receivables

In the absence of further breakdown on other receivables, this liquidation analysis assumes the recovery rate of other receivables is in line with the Shandong Sanxing Group, which is estimated to be between 25% and 35%. Please refer to the general notes to this liquidation analysis for more details.

5. Inventory

Inventory consists of raw materials (71%), work-in-progress (5%), and finished goods (24%).

Considering the principal business of Zouping Xingyu is the production of cotton products and fabrics, the recovery rate of inventory is estimated to be between 20% and 30%.

6. Available for sale financial assets

In the absence of further details on available for sale financial assets, the recovery rate of this asset is estimated to be between 10% and 30%.

7. Fixed Assets

RMB'000	NBV	Low	% Recovery			Low	ERV	
			Mid	High			Mid	High
Buildings and facilities	157,701	0%	0%	0%		-	-	-
Machinery and equipment	1,053,180	20%	25%	30%	210,636	263,295	315,954	
Office and electronic equipment	5,252	10%	15%	20%	525	788	1,050	
Total	1,216,133	17%	22%	26%	211,161	264,083	317,004	

Buildings and Facilities

Given the buildings on the existing land is assumed to be demolished given the sale of the land under liquidation scenario, the recovery rate of the existing buildings is estimated to be zero.

Machinery and Equipment

The principal business of Zouping Xingyu is the manufacturing of cotton products and fabrics.

In the absence of further details on its machinery and equipment, this liquidation analysis has assumed the machinery and equipment of Zouping Xingyu are highly specialised would have few alternative uses. Therefore, the market for these machineries would be limited, the estimated recovery rate of machinery and equipment is estimated to be between 20% and 30%.

Office and Electronic Equipment

In the absence of further information on the office and electronic equipment, the recovery rate of this is estimated to be between 10% and 20%.

8. Intangible Assets

RMB'000	NBV	Low	% Recovery			Low	ERV	
			Mid	High			Mid	High
Land use rights	150,276	55%	59%	64%	82,051	88,888	95,726	

Zouping Xingyu hold the land use rights to the underlying parcels of land for their facilities. Assuming the land use rights may be sold for 60%-70% of the net book value including 9% VAT on the proceeds, the recovery rate of the land use rights is estimated to be between 55% and 64% of the net book value.

9. Secured Lenders

Lender	Amount (RMB'000)	Collateral
Zouping Rural commercial bank	29,500	Certain production facilities of Yuhang (A2), Sanxing Machinery (A3) and Sanxing Grease (C1)

Zouping Rural Commercial Bank	19,500	Certain production facilities of Yuhang (A2)
Total	49,000	

10. Employee Entitlements

This consists of the accrued salaries and severance cost estimated by the management.

11. General Unsecured Creditors

This consists of accounts payable (RMB 12.9 million), advance from customers (RMB 0.2 million) and other payables (RMB 7.1 million).

12. Amount due to Group Companies (adjusted)

Amount due to (adjusted)	Amount (RMB'000)
Shandong Sanxing Group Company Ltd. (A1)	1,662,129
Shandong Sanxing Corn Industry Technology Co., Ltd. (C5)	38,387
Total	1,700,516

Consolidated Sanxing Grease Group - Overview of estimated return to creditors from liquidation

	Notes	NBV/FV RMB'000	Low	% Recovery			ERV (Low) RMB'000	ERV (Mid) RMB'000	ERV (High) RMB'000
				Mid	High				
Cash and bank balance		1,297,088	100%	100%	100%	1,297,088	1,297,088	1,297,088	
Financial products	1	998,100	100%	100%	100%	998,100	998,100	998,100	
Bills receivable	2	120,000	100%	100%	100%	120,000	120,000	120,000	
Accounts receivable	3	493,701	35%	40%	45%	171,464	196,079	220,694	
Prepayment	4	272,008	0%	0%	0%	-	-	-	
Other receivables	5	194,254	25%	30%	35%	48,463	57,967	67,472	
Inventory	6	689,467	30%	35%	40%	206,840	241,313	275,787	
Other current assets	7	14,752	7%	8%	10%	974	1,217	1,460	
Available for sale financial assets	8	10,540	10%	20%	30%	1,054	2,108	3,162	
Long-term equity investment	9	70,000	0%	0%	0%	-	-	-	
Fixed assets	10	1,370,918	13%	16%	19%	175,607	219,574	263,541	
Intangible assets	11	350,586	55%	59%	64%	191,420	207,371	223,323	
Contruction in progress	12	8,641	0%	0%	0%	-	-	-	
Long-term prepaid expenses	13	8,623	0%	0%	0%	-	-	-	
Deferred tax assets	14	11,936	0%	0%	0%	-	-	-	
Other non-current assets	15	109,239	0%	0%	0%	-	-	-	
Amount due from group companies (adjusted)	16	1,594,648	0%	0%	0%	-	-	-	
Total Proceeds from Assets		7,614,500				3,211,009	3,340,818	3,470,626	
Costs associated with liquidation						(160,550)	(167,041)	(173,531)	
Estimated Net Proceeds Available for Distribution						3,050,459	3,173,777	3,297,095	
Distributions to Creditors									
Secured lenders	17	1,556,500	100.0%	100.0%	100.0%	1,556,500	1,556,500	1,556,500	
Priority creditors									
- Tax payables		98,095	100.0%	100.0%	100.0%	98,095	98,095	98,095	
- Employee entitlements	18	96,212	100.0%	100.0%	100.0%	96,212	96,212	96,212	
Unsecured creditors									
- Unsecured lenders	19	595,600	86.0%	94.2%	100.0%	512,368	560,985	595,600	
- General unsecured creditors	20	904,847	86.0%	94.2%	100.0%	778,400	852,259	904,847	
- Amount due to group companies (adjusted)	21	10,327	86.0%	94.2%	100.0%	8,884	9,727	10,327	
						3,050,459	3,173,777	3,261,581	
Distribution to Equity Holders						-	-	35,514	

Notes – Consolidated Sanxing Grease Group

1. Financial Products

This relates to the RMB 998.1 million bank products owned by Shandong Sanxing Corn Industry Technology Co., Ltd.; Full principal redemption of the bank products is expected by Shandong Sanxing management upon maturity. The recovery rate of financial products is estimated to be 100%.

2. Bills Receivable

This consists of bank acceptance bills owned by Sanxing Grease Group. The recovery rate of bills receivable is estimated to be 100%.

3. Accounts Receivable

Top 10 counterparties

Company	Amount (RMB'000)	% of total net book value
Zouping Yuanheng Trading Co., Ltd.	144,456	29.0%
Suguo Supermarket Co., Ltd.	18,028	3.6%
Beijing Wumart Commercial Group Co., Ltd.	9,685	1.9%
Zhongbai Warehouse Supermarket Co., Ltd.	12,888	2.6%
Better Life Commercial Chain Share Co., Ltd.	10,846	2.2%
Haier Digital Technology (Qingdao) Co., Ltd.	9,360	1.9%
Kangcheng Investment (China) Co., Ltd.	8,900	1.8%
China Resources Vanguard Co., Ltd.	8,869	1.8%
Qingdao Runtai Business Co., Ltd. Shenyang Branch	8,583	1.7%
Zhejiang Wumei Yilian Business Management Co., Ltd.	8,482	1.7%
Total	240,096	48.1%

The top 10 counterparties of the accounts receivable are mainly trading or supermarket related companies based in the PRC. In the absence of further breakdown on the account receivable aged within 1 year, the recovery rate of accounts receivable is estimated to be in the range shown in the below table:

	Estimated Recovery Rate
< 1 year	35%-45%
1-2 years	25%-35%
2-3 years	10%-20%
>3 years	0%

4. Prepayment

In the absence of further information on the prepayment, this liquidation analysis assumes the prepayment is related to services contracts or purchase orders that will subsequently be unfulfilled and therefore, the recovery rate of repayment is estimated to be zero.

5. Other Receivables

In the absence of further breakdown on other receivables, this liquidation analysis assumes the recovery rate of other receivables is in line with the Shandong Sanxing Group, which is estimated to be between 25% and 35%. Please refer to the general notes to this liquidation analysis for more details.

6. Inventory

Inventory consists of raw materials (41%) and finished goods (59%).

The principal raw material for producing corn oil products is corn germ. Considering the c.22% increase in average unit cost in FY2020 compared to that in FY2019, the recovery rate of inventory is estimated to be between 30% and 40%.

7. Other Current Assets

According to the FY2020 annual report of Shandong Sanxing, around 66% of other current assets are related to VAT credit and prepaid corporate income tax and the rest are microfinance loans. The recovery rate of other current assets is estimated to be between 7% and 10%.

8. Available for sale financial assets

In the absence of further details on available for sale financial assets, the recovery rate of this asset is estimated to be between 10% and 30%.

9. Long-term Equity Investment

According to the FY2020 annual report of Shandong Sanxing, this relates to its investment into the Cinda Fund. The recovery of long-term equity investment is estimated to be zero.

10. Fixed Assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Buildings and facilities	491,579	0%	0%	0%	-	-	-
Machinery and equipment	875,537	20%	25%	30%	175,107	218,884	262,661
Vehicles	1,193	20%	25%	30%	239	298	358
Office and electronic equipment	2,610	10%	15%	20%	261	391	522
Total	1,370,918	13%	16%	19%	175,607	219,574	263,541

Buildings and Facilities

Given the buildings on the existing land is assumed to be demolished given the sale of the land under liquidation scenario, the recovery rate of the existing buildings is estimated to be zero.

Machinery and Equipment

The principal business of Sanxing Grease Group is the manufacturing of corn oil products. They have the capacity to produce 1.2 million tons of corn germ and produce 450 thousand tons of corn oil.

The machinery and equipment are highly specialised (e.g. 300T refining facilities and oil extraction facilities) and would have few alternative uses. Therefore, the market for these machineries would be limited, the estimated recovery rate machinery and equipment is estimated to be between 20% and 30%.

Vehicles

In the absence of further information on the vehicles, the recovery rate of vehicles is estimated to be between 20% and 30%.

Office and Electronic Equipment

In the absence of further information on the office and electronic equipment, the recovery rate of this is estimated to be between 10% and 20%.

11. Intangible Assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Land use rights	350,586	55%	59%	64%	191,420	207,371	223,323

Sanxing Grease Group hold the land use rights to the underlying parcels of land for their facilities. Assuming the land use rights may be sold for 60%-70% of the net book value including 9% VAT on the proceeds, the recovery rate of the land use rights is estimated to be between 55% and 64% of the net book value.

12. Construction in Progress

Given that the underlying land is assumed to be sold at a discount to book value, the liquidation recovery rate of construction in progress is estimated to be zero.

13. Long-term Prepaid Expenses

This relates to prepayment of advertising fees. As the advertising contract will subsequently be unfulfilled under liquidation scenario, the recovery rate of long-term prepaid expenses is estimated to be zero.

14. Deferred Tax Assets

In a liquidation scenario, the recovery rate of deferred income tax assets is estimated to be zero.

15. Other Non-current Assets

This consists of prepaid expenses in relation to equipment orders. As the purchase orders will subsequently be unfulfilled under liquidation scenario, the recovery rate of other non-current assets is estimated to be zero.

16. Amount due from Group Companies (adjusted)

Amount due from group companies (adjusted)	Amount (RMB'000)
Shandong Sanxing Group Company Ltd. (A1)	835,281
Shandong Yuhang Special Alloy Equipment Co., Ltd. (A2)	567,571
Shandong Sanxing Properties Co., Ltd. (A7)	162,049
Knight Castle Investments Limited (A20)	29,747
Total	1,594,648

17. Secured Lenders

Lender	Amount (RMB'000)	Collateral
Agricultural Development Bank of China	100,000	Certain deposits of Yuhang (A2)
Agricultural Bank of China	50,000	Certain assets of Yuhang (A2)
Agricultural Bank of China	80,000	Certain real estate assets of Shandong Sanxing (A1); Certain land properties of Jianyuan Grease (A10)
Agricultural Bank of China	5,000	Certificate of deposit
Bank of China	90,000	Certain real estate assets of Mingda (A5)
Bank of China	110,000	Certain real estate assets of Mingda (A5)
China Construction Bank	35,000	Certain production facilities of Yuhang (A2)
China Construction Bank	102,000	Certain production facilities of Yuhang (A2)
China Construction Bank	90,000	Certain production facilities of Yuhang (A2)
Industrial and Commercial Bank of China	100,000	Certain production facilities of Mingda (A5)
Industrial and Commercial Bank of China	60,000	Certain production facilities of Mingda (A5)
Industrial and Commercial Bank of China	60,000	Certain production facilities of Mingda (A5)
Industrial and Commercial Bank of China	60,000	Certain production facilities of Mingda (A5)
Rural commercial bank	49,500	Certain production facilities of Xingyu (A13)
The export-import Bank of China	130,000	Certain real estate assets of Yuhang (A2)
Huaxia Bank	89,500	Certain production facilities of Yuhang (A2)
Huaxia Bank	18,300	Certain real estate assets of Sanxing Grease (C1)
Huaxia Bank	51,000	Certain real estate assets of Yuhang (A2)
Huaxia Bank	21,200	Certain real estate assets of Wanke Food (A19)
Shanghai Pudong Development Bank.	45,000	Certain land properties of Inner Mongolia Sanxing(C10)
Bank of Hangzhou	5,000	Certain receivables
Bank of Hangzhou	5,000	Certain receivables
China CITIC Bank	200,000	Certain assets of Sanxing Properties (A7)
Total	1,556,500	

18. Employee Entitlements

This consists of accrued salaries and severance cost estimated by the management. In the absence of further breakdown on severance cost for Consolidated Sanxing Grease Group and others

provided by the management, this estimated severance cost also includes the estimated severance cost for others segment (i.e. consolidated Sanxing Group ex select subsidiaries).

19. Unsecured Lenders

Type	Currency	Amount (RMB'000)
Borrowings from financial institutions	RMB	595,600

20. General Unsecured Creditors

The below table sets forth the breakdown of the general unsecured creditors:

Type	Amount (RMB'000)
Bills payable	20,000
Accounts payable	116,249
Advance from customers	103,920
Dividend payable	5,441
Other payables	91,236
Long-term payables	568,000
Total	904,847

The long-term payables amounted to RMB568 million is related to the shareholder loan provided by the Cinda Fund to Zouping Sanxing Grease Industry Co., Ltd.

21. Amount due to Group Companies

Amount due to (adjusted)	Amount (RMB'000)
Zouping Xingyu Science & Technical Textile Co., Ltd. (A13)	10,327

Consolidated Sanxing Group ex select subsidiaries - Overview of estimated return to creditors from liquidation

	Notes	NBV/FV RMB'000	Low	% Recovery			ERV (Low) RMB'000	ERV (Mid) RMB'000	ERV (High) RMB'000
				Mid	High				
Cash and bank balance		917,130	100%	100%	100%	917,130	917,130	917,130	
Bills receivable	1	57,400	100%	100%	100%	57,400	57,400	57,400	
Accounts receivable	2	152,981	34%	39%	44%	52,235	59,786	67,337	
Prepayment	3	311,177	0%	0%	0%	-	-	-	
Other receivables	4	134,620	25%	30%	35%	33,586	40,172	46,758	
Inventory	5	431,968	30%	35%	40%	129,591	151,189	172,787	
Other current assets	6	101,918	7%	8%	10%	6,727	8,408	10,090	
Available for sale financial assets	7	29,752	10%	20%	30%	2,975	5,950	8,926	
Long-term equity investment	8	130,000	0%	0%	0%	-	-	-	
Fixed assets	9	1,763,420	7%	9%	11%	123,712	155,520	187,327	
Intangible assets	10	544,002	33%	36%	39%	179,638	194,608	209,578	
Goodwill		48,012	0%	0%	0%	-	-	-	
Long-term prepaid expenses	11	56	0%	0%	0%	-	-	-	
Deferred tax assets	12	3,452	0%	0%	0%	-	-	-	
Other non-current assets	13	4,220	0%	0%	0%	-	-	-	
Amount due from group companies (adjusted)	14	3,160,699	28%	34%	41%	876,232	1,088,848	1,301,463	
Proceeds from Sanxing Machinery as shareholder	15					22,555	41,035	59,516	
Total Proceeds from Assets		7,790,808				2,401,780	2,720,047	3,038,313	
Costs associated with liquidation						(120,089)	(136,002)	(151,916)	
Estimated Net Proceeds Available for Distribution						2,281,691	2,584,044	2,886,397	
Distributions to Creditors									
Secured lenders	16	39,950	100.0%	100.0%	100.0%	39,950	39,950	39,950	
Priority creditors									
- Tax payables		64,070	100.0%	100.0%	100.0%	64,070	64,070	64,070	
- Employee entitlements	17	6,506	100.0%	100.0%	100.0%	6,506	6,506	6,506	
Unsecured creditors									
- Unsecured lenders	18	2,895,063	29.8%	34.0%	38.1%	863,294	983,515	1,103,736	
- General unsecured creditors	19	3,018,477	29.8%	34.0%	38.1%	900,096	1,025,442	1,150,787	
- Amount due to group companies (adjusted)	20	1,367,478	29.8%	34.0%	38.1%	407,776	464,562	521,348	
						2,281,691	2,584,044	2,886,397	

Notes – Consolidated Sanxing Group ex select subsidiaries

1. Bills Receivable

This consists of bank's acceptance bills owned by Consolidated Sanxing Group ex select subsidiaries. The recovery rate of bills receivable is estimated to be 100%.

2. Accounts Receivable

In the absence of further breakdown on the account receivable aged within 1 year and also the details on accounts receivable of other businesses which consists mainly of corn oil trading, real estate, condiment, heat and electricity, micro-finance and renewable resources businesses, the recovery rates of accounts receivable are estimated to be in the range shown in the below table according to their age:

	Estimated Recovery Rate
< 1 year	35%-45%
1-2 years	25%-35%
2-3 years	10%-20%
>3 years	0%

3. Prepayment

In the absence of further information on prepayment, this liquidation analysis has assumed the prepayment is related to services contracts or purchase orders that will subsequently be unfulfilled and therefore, the recovery rate of repayment is estimated to be zero.

4. Other Receivables

In the absence of further breakdown on other receivables, this liquidation analysis assumes the recovery rate of other receivables is in line with the Shandong Sanxing Group, which is estimated to be between 25% and 35%. Please refer to the general notes to this liquidation analysis for more details.

5. Inventory

This consists of real estate development costs (32%), which belongs to Shandong Sanxing Properties Co., Ltd. in relation to their unsold real estate properties, and inventory related to other businesses (68%). The recovery rate of inventory is estimated to be between 30% and 40%.

6. Other Current Assets

According to the FY2020 annual report of Shandong Sanxing, around 66% of other current assets are related to VAT credit and prepaid corporate income tax and the rest are microfinance loans. The recovery rate of other current assets is estimated to be between 7% and 10%.

7. Available for Sale Financial Assets

In the absence of further details on available for sale financial assets, the recovery rate of this asset is estimated to be between 10% and 30%.

8. Long-term Equity Investment

According to the FY2020 annual report of Shandong Sanxing, this relates to its investment into the Cinda Fund. The recovery of long-term equity investment is estimated to be zero.

9. Fixed Assets

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Buildings and facilities	1,127,271	0%	0%	0%	-	-	-
Machinery and equipment	560,595	20%	25%	30%	112,119	140,149	168,179
Vehicles	40,378	20%	25%	30%	8,076	10,094	12,113
Office and electronic equipment	35,176	10%	15%	20%	3,518	5,276	7,035
Total	1,763,420	7%	9%	11%	123,712	155,520	187,327

Buildings and Facilities

Given the buildings on the existing land is assumed to be demolished given the sale of the land under liquidation scenario, the recovery rate of the existing buildings is estimated to be zero.

Machinery and Equipment

Consolidated Sanxing Group ex select subsidiaries mainly includes businesses in others segment which includes corn oil trading, the manufacturing of condiment products, provision of microfinance products, heat and electricity supply, the sale of renewable resources and real estate development.

In the absence of further details on the machinery and equipment used in others segment, this liquidation analysis assumes the machinery and equipment are highly specialized and have few alternative uses. The recovery rate of machinery and equipment is estimated to be between 20% and 30%.

Vehicles

In the absence of further information on the vehicles, the recovery rate of vehicles is estimated to be between 20% and 30%.

Office and Electronic Equipment

In the absence of further information on the office and electronic equipment, the recovery rate of this is estimated to be between 10% and 20%.

10. Intangible Assets

RMB'000	NBV	Low	% Recovery			Low	ERV	
			Mid	High			Mid	High
Land use rights	329,008	55%	59%	64%		179,638	194,608	209,578
Land use rights without land certificate	213,319	0%	0%	0%		-	-	-
Software	1,675	0%	0%	0%		-	-	-
Total	544,002	33%	36%	39%		179,638	194,608	209,578

Consolidated Sanxing Group ex select subsidiaries hold the land use rights to the underlying parcels of land for their facilities. Assuming the land use rights may be sold for 60%-70% of the net book value including 9% VAT on the proceeds, the recovery rate of the land use rights is estimated to be between 55% and 64% of the net book value.

The recovery rates of land use rights without land certificate and software are both estimated to be zero.

11. Long-term Prepaid Expenses

This relates to prepayment of advertising fees. As the advertising contract will subsequently be unfulfilled, the recovery rate of long-term prepaid expenses is estimated to be zero.

12. Deferred Tax Assets

In a liquidation scenario, the recovery rate of deferred income tax assets is estimated to be zero.

13. Other non-current assets

This consists of prepaid expenses in relation to equipment orders. As the purchase orders will subsequently be unfulfilled under liquidation scenario, the recovery rate of other non-current assets is estimated to be zero.

14. Amount due from group companies (adjusted)

Amount due from group companies (adjusted)	Amount (RMB'000)
Shandong Yuhang Special Alloy Equipment Co., Ltd. (A2)	1,498,570
Zouping Xingyu Science & Technical Textile Co., Ltd. (A13)	1,662,129
Total	3,160,699

15. Proceeds from Sanxing Machinery as shareholder

This related to liquidation analysis on Shandong Sanxing Machinery Manufacture Co., Ltd. and the net proceeds left for equity holders after the satisfaction of all secured and unsecured claims.

16. Secured Lenders

Lender	Amount (RMB'000)	Collateral
Zouping Rural commercial bank	29,950	Certain production facilities of Yuhang (A2)
Zouping Rural Commercial Bank	5,000	Certain production facilities of Sanxing Machinery (A3)
Zouping Rural Commercial Bank	5,000	Certain production facilities of Sanxing Machinery (A3)
Total	39,950	

17. Employee entitlements

This consists of the accrued salaries. In the absence of further breakdown on estimated severance cost provided by the management of Shandong Sanxing, the estimated severance cost for Consolidated Sanxing Group ex select subsidiaries was grouped in the liquidation analysis of Consolidated Sanxing Grease Group.

18. Unsecured lenders

Type	Amount (RMB'000)
Notes interest payables	171,083
Onshore bonds – 18 Sanxing MTN001	600,000
Onshore bonds – 19 Sanxing MTN001	500,000
Onshore bonds – 19 Luxing 01	319,000
USD Senior Notes due 23 Jan 2021	1,304,980
Total	2,895,063

19. General Unsecured creditors

This consists of bills payable (RMB 351.1 million), accounts payable (RMB 215.9 million), advance from customers (RMB 96.1 million), other payables (RMB 407.6 million), long term payables (RMB1,487.9 million) and a claim from Cinda Group (RMB 459.9 million) in relation to the agreed return provided by Shandong Sanxing.

Long term payables

	Amount (RMB'000)
China's Agriculture Development Key Construction Fund Co., Ltd.	171,000
China Cinda Asset Management Co., Ltd.	1,300,000
Tianjin Changshou Xinzhi Equity Investment Partnership Fund LP	16,898
Total	1,487,898

Agreed Return Provided to the Cinda Group

General Unsecured creditors include a claim from Cinda Group in relation to the agreed return provided by Shandong Sanxing to Cinda Group. Please refer to the general notes for further details on the background. This liquidation analysis has taken the mid-point shortfall against Cinda

Group's initial RMB 1 billion investment as the claim from Cinda Group to Shandong Sanxing. Please see below table for more details.

Liquidation value to the Cinda Group in the 1st stage of liquidation analysis

RMB'000	NBV	% Recovery			Low	ERV	
		Low	Mid	High		Mid	High
Shareholder loan to Sanxing Grease	568,000	86.0%	94.2%	100.0%	488,625	534,989	568,000
Dividend receivable from Sanxing Grease*	5,441	86.0%	94.2%	100.0%	4,681	5,125	5,441
Distribution to Shareholder of Sanxing Grease*					-	-	35,514
Total	573,441				493,306	540,114	608,955
Shortfall against the initial RMB 1 billion investment from Cinda Group					506,694	459,886	391,045

*All the shares in Sanxing Grease held by Shandong Sanxing are pledged in favour of China Cinda

20. Amount due to group companies (adjusted)

Amount due from group companies (adjusted)	Amount (RMB'000)
Shandong Sanxing Machinery Manufacture Co., Ltd. (A3)	340,401
Zouping Sanxing Grease Industry Co., Ltd. (C1)	1,027,077
Total	1,367,478

Summary Table

Recovery Summary of Secured & Unsecured Lenders/creditors

	NBV/FV	% Recovery			ERV (Low)	ERV (Mid)	ERV (High)
	RMB'000	Low	Mid	High	RMB'000	RMB'000	RMB'000
Shandong Yuhang Special Alloy Equipment Co., Ltd. (A2)							
Unsecured lenders/creditors	160,334	35.4%	44.6%	53.7%	56,832	71,453	86,074
Shandong Sanxing Machinery Manufacture Co., Ltd. (A3)							
Secured lenders	59,950	100.0%	100.0%	100.0%	59,950	59,950	59,950
Unsecured lenders/creditors	47,952	100.0%	100.0%	100.0%	47,952	47,952	47,952
Zouping Xingyu Science & Technical Textile Co., Ltd. (A13)							
Secured lenders	49,000	100.0%	100.0%	100.0%	49,000	49,000	49,000
Unsecured lenders/creditors	20,295	20.8%	25.3%	29.9%	4,213	5,141	6,068
Consolidated Sanxing Grease Group							
Secured lenders	1,556,500	100.0%	100.0%	100.0%	1,556,500	1,556,500	1,556,500
Unsecured lenders/creditors	1,500,447	86.0%	94.2%	100.0%	1,290,768	1,413,243	1,500,447
Consolidated Sanxing Group ex select subsidiaries							
Secured lenders	39,950	100.0%	100.0%	100.0%	39,950	39,950	39,950
Unsecured lenders/creditors	5,913,540	29.8%	34.0%	38.1%	1,763,390	2,008,957	2,254,524

Knight Castle Investments Limited

Knight Castle Investments Limited is one of the entities consolidated in Consolidated Sanxing Group ex select subsidiaries under the liquidation analysis structure presented in this report.

In the absence of standalone financial position of this entity, standalone liquidation analysis on this entity has not been performed in this report. However, according to the management of Shandong Sanxing, the only asset this entity had as of 31 December 2020 was an intercompany loan to Shandong Sanxing Group Company Ltd., which is also one of the entities consolidated in Consolidated Sanxing Group ex select subsidiaries, whereas the only liabilities this entity had as of 31 December 2020 were liabilities related to the USD Senior Notes due 23 Jan 2021.

Therefore, the estimated recovery rates of Consolidated Sanxing Group ex select subsidiaries' unsecured lenders/creditors, which are highlighted in grey in the above table, would serve as a proxy for the estimated recovery rates of Knight Castle Investments Ltd.'s unsecured lenders/creditors under the consolidated approach (i.e. performing the liquidation analysis on a consolidated group basis) used in this report. Also, readers of this report should note that performing the liquidation analysis on a consolidated group basis has certain limitations which are laid out on page 20 of this report under the General notes to this liquidation analysis section.

**IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) 2023/**

**IN THE MATTER OF SECTION 179A OF THE BUSINESS COMPANIES ACT, 2004
AND IN THE MATTER OF KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投資有限公司)
AND IN THE MATTER OF A SCHEME OF ARRANGEMENT**

**KNIGHT CASTLE INVESTMENTS LIMITED
(爵堡投資有限公司)
(A COMPANY INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED
LIABILITY)**

AND

**THE SCHEME CREDITORS
(AS HEREIN DEFINED)**

**SCHEME OF ARRANGEMENT
(UNDER SECTION 179A OF THE BVI BUSINESS COMPANIES
ACT 2004)**

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SCHEDULE 1 - ENTITLEMENTS TO THE ELECTIVE SCHEME CONSIDERATION

SCHEDULE 2 – Dispute Resolution Procedures

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1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme:

"Accepted" means, in relation to a Scheme Claim, the acceptance by the Company of such Scheme Claim (or part thereof) in accordance with Clause 12 hereof for the purposes of determining any entitlement to Scheme Consideration without Dispute or, where a Scheme Claim is Disputed, the acceptance or determination by the Adjudicator of a Disputed Scheme Claim (or part thereof) for such purpose in accordance with the Adjudication Procedure; and **"Accept"** shall be construed accordingly.

"Accepted Scheme Claim" means a Scheme Claim against the Company which has been Accepted.

"Account Holder" means any Person who is recorded in the books of a Clearing System as being a holder of a book-entry interest in the Notes in an account with that Clearing System or, as the context may require, is or was recorded in such books as being such a holder of Notes in such an account at the Record Time.

"Account Holder Letter" means a letter from an Account Holder on behalf of the relevant Noteholder substantially in the form of the account holder letter set out in Appendix 6 (*Solicitation Packet*) to the Explanatory Statement.

"Adjudication Procedure" means the procedure for the resolution of Disputed Scheme Claims as set out in Schedule 2 (*Dispute Resolution Procedures*) of this Scheme.

"Adjudicator" means the Person named in clause 1 of Schedule 2 (*Dispute Resolution Procedures*) to this Scheme and any suitably qualified replacement the Company may appoint in accordance with clause 1 of Schedule 2 (*Dispute Resolution Procedures*) to this Scheme to act as an adjudicator in respect of any Disputed Scheme Claim in accordance with the Adjudication Procedure.

"Advisers" means:

- (a) Bird & Bird, legal advisers to the Parent Guarantor;
- (b) Ogier, legal advisers to the Company and the Parent Guarantor as to matters of BVI law;
- (c) Dechert and its Affiliates, legal advisers to the Noteholder Committee;
- (d) Mourant Ozannes, legal advisers to the Noteholder Committee as to matters of BVI law; and
- (e) any of the foregoing's partners, employees and affiliated partnerships and the partners and employees of such affiliated partnerships and their respective subsidiaries and holding companies and any other counsel engaged by any of the foregoing on behalf of their client or by the client directly in connection with the Restructuring.

"Affiliates" means in relation to any Person, its current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, partners, related partnerships, equity holders, members and managing members, and any of their respective Affiliates.

"Allowed Proceeding" means any Proceeding:

- (a) by a Scheme Creditor:
 - (i) to enforce its rights under or in connection with this Scheme, the Scheme Consideration, the Instruction Fee, the New Notes, the Enhanced Return Notes, the New Note Documents and/or the ERN Documents;
 - (ii) to compel the Company or any other Person or entity to comply with its obligations under this Scheme; and/or
- (b) with respect to any Excluded Liability.

"Ancillary Claim" means a Claim in respect of any Liability against a Released Person (other than the Company) arising directly or indirectly out of, in relation to and/or in connection with the Note Documents, arising on or before the Record Time or which may arise after the Record Time as a result of an obligation or liability of any Released Person incurred or as a result of an event occurring or an act done on or before the Record Time (including, for the avoidance of doubt, any interest accruing on, or accretions arising in respect of, such Claims before or after the Record Time), but excluding the Excluded Liabilities.

"Bar Time" means 10 a.m. BVI time, the equivalent being 10 p.m. Hong Kong time, on the date falling 3 Business Days before the Holding Period Expiry Date.

"Book Entry Interest" means in relation to the Notes, a beneficial interest as principal in the Global Notes held through and shown on, and transferred only through, records maintained in book entry form by the Clearing Systems.

"Business Day" means any day on which banks are open for business generally in all of Belgium, Luxembourg, Hong Kong, London, BVI, the People's Republic of China and New York.

"BVI" means the British Virgin Islands.

"BVI Court" means the Eastern Caribbean Supreme Court in the High Court of Justice of the Virgin Islands.

"BVI Registrar of Corporate Affairs" means the Registrar of Corporate Affairs appointed under the Companies Act.

"BVI Sanction Order" means the order of the BVI Court sanctioning the Scheme (with or without modification).

"Chairpersons" means the chairpersons of the Scheme Meeting.

"Claims" means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation or any failure to perform any obligation or any omission, whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, BVI, or under any other law or in any other jurisdiction howsoever arising.

"Clearing Systems" means each of Euroclear Bank SA/NV and any successor and Clearstream Banking S.A. and any successor; and **"Clearing System"** means either one of them.

"Collateral" has the meaning given to it in the New Notes Indenture.

"Collateral Agent" means Madison Pacific Trust Limited in its capacity as security agent under the New Notes Collateral Documents or any successor security agent under the New Notes Collateral Documents.

"Companies Act" means the BVI Business Companies Act 2004.

"Company" means Knight Castle Investments Limited (爵堡投資有限公司), a BVI business company incorporated with limited liability under the laws of the British Virgin Islands with company number 1959066 and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

"Completion Notice" means the notice to be issued by the Company and delivered to the Information Agent in accordance with Clause 6.4 confirming satisfaction of the Restructuring Conditions and the occurrence of the Restructuring Effective Date.

"Conditions" means each of the conditions precedent to the effectiveness of this Scheme, as set out in Clause 16 of this Scheme.

"Cross-Border Recognition" means in connection with any Insolvency Proceeding commenced in any one jurisdiction the recognition of that Insolvency Proceeding in another jurisdiction, whether under laws relating to bankruptcy, liquidation, insolvency, reorganisation, winding-up, or composition or adjustment of debts or similar law, international principles of judicial comity, statute, enactment or other regulation.

"Custody Instruction" means the instruction to be submitted by an Account Holder on behalf of the relevant Noteholder, to block their position in the Notes in the relevant Clearing System.

"Deed of Release" means the deed of release to be executed by the Scheme Creditors (acting via the Company as their attorney and agent) for the benefit of the Company and other beneficiaries on the Restructuring Effective Date, substantially in the form set out in Appendix 5 (*Deed of Release*) to the Explanatory Statement.

"Depository" means Citibank Europe Plc, acting through its nominee as registered holder of the Notes, Citivic Nominees Limited, as common depository for Euroclear Bank SA/NV and Clearstream Banking S.A. under the Indenture.

"Designated Recipient" means, in relation to any Scheme Creditor, any single entity that is designated by that Scheme Creditor in a Designated Recipient Form as the recipient of the portion of New Notes and/or Enhanced Return Notes (as applicable) to which that Scheme Creditor is entitled pursuant to the terms of the Scheme, provided that the Designated Recipient shall only be validly designated if it can make affirmative Securities Law Representations by submission of a duly completed Distribution Confirmation Deed.

"Designated Recipient Form" means the form appended to the Account Holder Letter and available on the Transaction Website by which a Scheme Creditor may appoint a Designated Recipient to be the recipient of the New Notes and/or Enhanced Return Notes (as applicable) that would otherwise be issued to a Scheme Creditor.

"Distribution Confirmation Deed" means the distribution confirmation deed in the form appended to the Account Holder Letter and available on the Transaction Website confirming, amongst other things, that the Scheme Creditor or its Designated Recipient may lawfully be issued the New Notes and/or Enhanced Return Notes (as applicable).

"Dispute" means any dispute whatsoever arising in relation to a Scheme Claim of a Scheme Creditor under or in respect of the Note Documents; and **"Disputed"** shall be construed accordingly.

"Disputed Scheme Claim" means a Scheme Claim against the Company which has been Disputed.

"Disputed Scheme Claim Resolution Deadline" has the meaning given to it in clause 2.1 of Schedule 2 (*Dispute Resolution Procedures*) to this Scheme.

"Election Form" mean section 2 of part 3 of the Account Holder Letter pursuant to which a Scheme Creditor may elect to receive its entitlement to the Elective Scheme Consideration in the form of the New Notes and/or Enhanced Return Notes.

"Elective Scheme Consideration" means the New Notes and the Enhanced Return Notes.

"Eligible Creditor" means a Noteholder who submits a duly completed (a) Account Holder Letter and (b) Distribution Confirmation Deed including affirmative Securities Law Representations and, if applicable, a Designated Recipient Form; to the Information Agent prior to the Record Time, and who has an Accepted Scheme Claim.

"Enhanced Return Note" means the enhanced return notes due 2029 to be issued by the Company pursuant to the ERN Indenture and guaranteed by the Parent Guarantor, in an aggregate principal amount equal to the ERN Issuance Amount.

"ERN Documents" means, collectively:

- (a) the ERN Indenture;
- (b) the ERN Parent Guarantee; and
- (c) the Enhanced Return Notes.

"ERN Indenture" means the indenture governing the Enhanced Return Notes, substantially in the form of the document in Appendix 12 (*Form of ERN Indenture*) to the Explanatory Statement, to be entered into between, amongst others, the Company, the Parent Guarantor and the ERN Trustee.

"ERN Issuance Amount" means the aggregate principal amount of Enhanced Return Notes that Scheme Creditors have elected in their Election Forms to receive as part of their entitlements of the Elective Scheme Consideration; provided always that the principal amount upon issuance shall not be not less than the ERN Minimum Issuance Amount and not more than the ERN Maximum Issuance Amount.

"ERN Issuance Condition" means, with respect to the issuance of Enhanced Return Notes, the condition that the aggregate ERN Issuance Amount is not less than the ERN Minimum Issuance Amount and not more than the ERN Maximum Issuance Amount.

"ERN Maximum Issuance Amount" means US\$80,000,000.

"ERN Minimum Issuance Amount" means US\$10,000,000.

"ERN Parent Guarantee" means the guarantee and indemnity granted by the Parent Guarantor pursuant to the ERN Indenture.

"ERN Trustee" means Madison Pacific Trust Limited in its capacity as trustee under the ERN Indenture or any successor trustee under the ERN Indenture.

"Excluded Liabilities" means any liability of the Company, the Parent Guarantor, the other members of the Group and their Affiliates and their Personnel that is not subject to the arrangement and compromise to be effected by this Scheme, including without limitation:

- (a) any Claim by a Scheme Creditor against the Company arising out of any failure by the Company to fulfil its obligations under the Scheme and/or the Explanatory Statement and/or to compel the Company or any other Person or entity to comply with its obligations under the Scheme and any Claim by a Scheme Creditor or its Advisers pursuant to or in connection with the Instruction Fee, the Work Fee and/or the fees payable by a member of the Group under or in connection with the Scheme;
- (b) any Claim by an Adviser with respect to any Scheme Costs;
- (c) any Claim by the Notes Trustee and/or the Depositary with respect to any accrued and unpaid fees and expenses due to them or their respective legal and professional advisers under the terms of the Note Documents in respect of the period ending on the Restructuring Effective Date; and
- (d) any Claim or Liability that a Noteholder may have which does not arise directly or indirectly pursuant to any of the Note Documents and/or the Notes.

"Explanatory Statement" means the composite document dated 3 July 2024 of the Company addressed to Scheme Creditors containing, among other things, the explanatory statement of the Company in compliance with the Companies Act and the terms of the Scheme (including all appendices, schedules and annexures thereto).

"Force Majeure" means any act of god, government act, war, fire, flood, earthquake, and other natural disasters, strikes, changes to effective legislation, explosion, civil commotion or act of terrorism, which prevents the fulfilment of obligations under this Scheme, and the occurrence of which is not the direct or indirect result of action or inaction of any Scheme Creditor or the Company.

"Global Notes" means the global notes by which each of the Notes were offered and sold in offshore transactions in reliance on Regulation S under the US Securities Act, which are registered in the name of Citivic Nominees Limited (as nominee of the Depositary).

"Governmental Entity" means any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Hong Kong, the United States of America, the British Virgin Islands or any other relevant jurisdiction.

"Group" means the Parent Guarantor and any and all of its subsidiaries (including the Company).

"Holding Period" means the period from the Restructuring Effective Date up to the date falling 6 months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).

"Holding Period Expiry Date" means the last day of the Holding Period.

"Holding Period Trustee" means the Company, as bare trustee of the Trust Assets for and on behalf of the Scheme Creditors, pursuant to the terms of the Holding Period Trust Deed.

"Holding Period Trust Deed" means the trust deed to be executed on or before the Restructuring Effective Date by the Holding Period Trustee, the Information Agent and the Company for the benefit of the Ineligible Creditors, substantially in the form set out at Appendix 13 (*Holding Period Trust Deed*) to the Explanatory Statement.

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"Indenture" means the indenture dated 23 January 2018, as amended, supplemented, or otherwise modified from time to time, between the Company, the Parent Guarantor and the Notes Trustee pursuant to which the Notes were constituted.

"Ineligible Creditor" means a Noteholder who is not an Eligible Creditor.

"Information Agent" means D.F. King Ltd which is acting as information agent for the Company in connection with the Restructuring.

"Insolvency Proceeding" means any proceeding, process, appointment or application under any law relating to insolvency, reorganisation, winding-up, or composition or adjustment of debts, including, without limitation, winding-up, liquidation, bankruptcy, provisional liquidation, receivership, administration, provisional supervision, company voluntary arrangement, scheme of arrangement, suspension of payment under court supervision or any other analogous proceedings in any jurisdiction (including any of the foregoing brought for the purpose of obtaining Cross-Border Recognition).

"Instruction Fee" means a fixed amount of US\$2,000,000 to be paid as a condition to the occurrence of the Restructuring Effective Date, in cash, such that each Scheme Creditor that validly casts a vote in favour of the Scheme at the Scheme Meeting receives a proportion of such amount that reflects the proportion that the Notes to which such Scheme Creditor was entitled bore to the aggregate outstanding amount of the Notes held by all such Scheme Creditors, in each case at the Record Time.

"Intercompany Loan Agreement" means the PRC law governed intercompany loan agreement between the Parent Guarantor, as borrower, and the Company, as lender, pursuant to which the Company on-lent all or substantially all of the proceeds from the issuance of the Notes to the Parent Guarantor, as amended to match the principal amount, interest rate and maturity date of the New Notes, in acceptable form.

"Intermediary" means a Person (other than an Account Holder) who holds an interest in the Notes on behalf of another Person or other Persons.

"Liability" means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, BVI, or under any other law or in any other jurisdiction howsoever arising.

"Listing Event" has the meaning given to such term in the New Notes Indenture.

"NDRC" means the National Development and Reform Commission of the People's Republic of China.

"New Depositary" means Citibank Europe Plc as common depositary for the Clearing Systems, acting through its nominee as registered holder of the New Notes and the Enhanced Return Notes, Citivic Nominees Limited.

"New Global Notes" means (a) each Global Note (as defined in the New Notes Indenture) evidencing the New Notes; and (b) each of the Global Note (as defined in the ERN Indenture) evidencing the Enhanced Return Notes.

"New Notes" means the 4.00% guaranteed senior secured notes due 2029 to be issued by the Company pursuant to the New Notes Indenture and guaranteed by the Parent Guarantor, in an aggregate principal amount equal to the New Notes Issuance Amount.

"New Notes Issuance Amount" means an amount equal to (i) the Note Claim Amount, minus (ii) the aggregate principal amount of the Enhanced Return Notes.

"New Note Documents" means:

- (a) the New Notes Indenture;
- (b) the Parent Guarantee;
- (c) the Subsidiary Guarantees (if any) (as defined in the New Notes Indenture);
- (d) the New Notes Debenture;
- (e) the New Notes Share Charge;
- (f) the New Notes Security Assignment; and
- (g) the New Notes.

"New Notes Collateral Documents" means, collectively, the New Notes Debenture, the New Notes Share Charge and the New Notes Security Assignment.

"New Notes Debenture" means the debenture to be granted by the Company in favour of the Collateral Agent, substantially in the form set out in Appendix 17 (*New Notes Debenture*) to the Explanatory Statement.

"New Notes Indenture" means the indenture relating to the New Notes, substantially in the form of the document in Appendix 11 (*Form of New Notes Indenture*) to the Explanatory Statement, to be entered into between, amongst others, the Company, the Parent Guarantor and the New Notes Trustee.

"New Notes Security Assignment" means the tripartite assignment agreement to be entered into by the Company, the Parent Guarantor and the Collateral Agent, substantially in the form set out in Appendix 15 (*New Notes Security Assignment*) to the Explanatory Statement.

"New Notes Share Charge" means the charge over shares in the Company to be granted by San Xin in favour of the Collateral Agent, substantially in the form set out in Appendix 16 (*New Notes Share Charge*) to the Explanatory Statement.

"New Notes Trustee" means Madison Pacific Trust Limited in its capacity as trustee under the New Notes Indenture or any successor trustee under the New Notes Indenture.

"Noteholder Committee" means the ad hoc committee of holders of the Notes (as constituted from time to time) which is represented by Dechert as legal advisers.

"Noteholder Committee Member" means a member of the Noteholder Committee.

"Note Claim Amount" means an amount equal to the sum of: (a) the outstanding principal amount of the Notes held by each Scheme Creditor as at the Record Time; plus (b) all accrued and unpaid interest on such Notes up to but excluding the Restructuring Effective Date. For the purposes of sub-paragraph (b) of this definition, interest on the Notes will be treated as having accrued at the rate of 7.99% per annum from 23 July 2020 until the original maturity date of the Notes (23 January 2021) and then shall be deemed to accrue at the rate of 4.0% per annum from 24 January 2021 until (but excluding) the Restructuring Effective Date.

"Note Documents" means, collectively, the Notes, the Indenture and any related guarantees.

"Noteholders" means those Persons with an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time.

"Notes" means the US\$200,000,000 7.99% senior notes due 2021 (ISIN: XS1733826181/ Common Code: 173382618) issued by the Company and guaranteed by the Parent Guarantor pursuant to the Indenture.

"Notes Trustee" means Citicorp International Limited, in its capacity as trustee under the Indenture.

"Ogier" means the Ogier legal partnership in Hong Kong and the Ogier legal partnership in the BVI.

"Parent Guarantee" means the guarantee and indemnity granted by the Parent Guarantor pursuant to the New Notes Indenture.

"Parent Guarantor" means Shandong Sanxing Group Company Ltd., a company incorporated with limited liability under the laws of the PRC.

"Person" means any natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership, Governmental Entity or other entity whatsoever.

"Personnel" means, in relation to any Person, its current and former officers, partners, directors, employees, staff, agents, counsel, advisers and other representatives, including, without limitation, consultants or information agents.

"Post" means delivery by pre-paid first class post or air mail or generally recognized commercial courier service; and **"Posted"** shall be construed accordingly.

"PRC" means the People's Republic of China, and for the purpose of this Scheme does not include Hong Kong, Macau, or Taiwan.

"Proceeding" means any process, suit, action, legal or other legal proceeding including without limitation any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, statutory demand, execution, distraint, forfeiture, re-entry, seizure, lien, enforcement of judgment, enforcement of any security or Insolvency Proceedings in any jurisdiction.

"Record Time" means 11:00 am on 23 July 2024 BVI time, the equivalent being 11:00 pm on 23 July 2024 Hong Kong time and 4:00 pm on 23 July 2024 London time.

"Released Claim" means any Scheme Claim, Ancillary Claim or any past, present and/or future Claim arising out of, relating to or in respect of:

- (a) the Note Documents;
- (b) the preparation, negotiation, sanction or implementation of the Scheme and/or the RSA, and/or
- (c) the execution of the Restructuring Documents and the carrying out of the steps and transactions contemplated therein in accordance with their terms (for the avoidance of doubt, excluding any Claims relating to the New Note Documents and/or the ERN Documents).

"Released Person" means the Company, the Parent Guarantor, the other members of the Group and their Affiliates and their Personnel.

"Remaining Enhanced Return Notes" means Enhanced Return Notes with a principal amount equal to:

- (a) the principal amount of the Residual Enhanced Return Notes; less
- (b) the aggregate principal amount of Enhanced Return Notes distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual Enhanced Return Notes in accordance with the Holding Period Trust Deed.

"Remaining New Notes" means New Notes with a principal amount equal to:

- (c) the principal amount of the Residual New Notes; less
- (d) the aggregate principal amount of New Notes distributed to all Ineligible Creditors who establish, prior to the Bar Time, their entitlement to Residual New Notes in accordance with the Holding Period Trust Deed.

"Residual Enhanced Return Notes" means the portion of the Enhanced Return Notes which remains after distribution of the Enhanced Return Notes in accordance with Clause 7.2(b).

"Residual New Notes" means the portion of the New Notes which remains after distribution of the New Notes in accordance with Clause 7.2(b).

"Residual Scheme Consideration" means the portion of the Scheme Consideration which remains after distribution of the Scheme Consideration in accordance with Clause 7.2(b).

"Restricted Proceeding" means any Proceeding against the Company, any member of the Group or any of their respective property in any jurisdiction other than a Allowed Proceeding.

"Restructuring" means the proposed restructuring of the debt and other financial obligations of the Company under the Notes Documents as contemplated by this Scheme and the other Restructuring Documents.

"Restructuring Conditions" means each of the conditions precedent to the occurrence of the Restructuring Effective Date as set out in Clause 17 of this Scheme.

"Restructuring Documents" means, collectively, this Scheme, the Account Holder Letter, the New Notes, the Enhanced Return Notes, the New Global Notes, the New Notes Documents, the ERN Documents, the Deed of Release and the Holding Period Trust Deed.

"Restructuring Effective Date" means the date specified by the Company in a notice to the Scheme Creditors and the Notes Trustee, provided that such date:

- (a) is a Business Day;
- (b) is on or prior to the Business Day immediately preceding the occurrence of a Listing Event;
- (c) occurs after each of the Restructuring Conditions being satisfied in accordance with the terms of the Scheme; and
- (d) the date within three (3) Business Days after the satisfaction of the Restructuring Conditions.

"RMB" means Renminbi, the lawful currency of the People's Republic of China.

"RSA" means the restructuring support agreement dated 13 December 2023, between the Company and certain holders of the Notes.

"SAFE" means the State Administration of Foreign Exchange of the PRC.

"San Xin" means San Xin Holdings Limited (三鑫控股有限公司), a company incorporated with limited liability in Hong Kong with company number 2558732 whose registered office is at Suites 1106-08, 11th floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong.

"Scheme" means the scheme of arrangement between the Company and the Scheme Creditors pursuant to, and in compliance with section 179A of the Companies Act in the form appended to the Explanatory Statement subject to any modifications, additions or conditions that the BVI Court may approve or impose, provided that any such modification, addition or condition does not have a material adverse effect on the rights of the Scheme Creditors and is not prohibited by the terms of the Scheme.

"Scheme Claim" means a Claim in respect of any Liability against the Company arising directly or indirectly out of, in relation to and/or in connection with the Note Documents, arising on or before the Record Time or which may arise after the Record Time as a result of an obligation or liability of the Company incurred or as a result of an event occurring or an act done on or before the Record Time (including, for the avoidance of doubt, any interest accruing on, or accretions arising in respect of, such Claims before or after the Record Time), but excluding the Excluded Liabilities.

"Scheme Consideration" means, together, the New Notes (including, without double counting, any Residual New Notes) and, subject to satisfaction of the ERN Issuance Condition, the Enhanced Return Notes (including, without double counting, any Residual Enhanced Return Notes).

"Scheme Costs" means the liability of the Company in respect of the fees, costs and expenses of the Advisers.

"Scheme Creditors" means the creditors of the Company in respect of the Scheme Claims at the Record Time, including (but without double counting in each case), the Depositary, the Notes Trustee, each of the Noteholders, the Account Holders and Intermediaries.

"Scheme Creditor Parties" means, in respect of a Scheme Creditor, its predecessors, successors, assigns, Designated Recipients, Affiliates and Personnel.

"Scheme Claims Determination Notice" has the meaning given to that term in Clause 12.8.

"Scheme Effective Date" means the first date at which all of the Conditions have been satisfied, as specified in the Scheme Effective Notice.

"Scheme Effective Notice" means the notice to be issued by the Company and delivered to the Information Agent in accordance with Clause 6.4 confirming satisfaction of the Conditions and specifying the Scheme Effective Date.

"Scheme Meeting" means the meeting of Scheme Creditors convened at the direction of the BVI Court for the purpose of considering and, if thought fit, approving the Scheme with or without modification and any adjournment thereof.

"Scheme Sanction Hearing" means the hearing at the BVI Court of the petition in respect of the sanctioning of the Scheme.

"SEC" means the US Securities and Exchange Commission.

"Securities Law Representations" means the securities law confirmations and undertakings set out in Annex B to the Distribution Confirmation Deed.

"SGX-ST" means the Singapore Exchange Securities Trading Limited.

"Solicitation Packet" means the packet of materials, including the Account Holder Letter and accompanying instructions, the Election Form, the Designated Recipient Form and the Distribution Confirmation Deed, all of which are available to Scheme Creditors on the Transaction Website and in Appendix 6 (*Solicitation Packet*).

"Transaction Document" means each of the following documents:

- (a) the New Global Notes,
- (b) the New Notes Documents,
- (c) the ERN Documents,
- (d) the Deed of Release; and
- (e) the Holding Period Trust Deed.

"Transaction Website" means <https://www.dfkingltd.com/sanxing/>

"Trust Assets" means the Residual Scheme Consideration and any interest, payments, dividends and/or other distributions (whether in cash or in kind) received by the Holding Period Trustee on or in respect of the Residual Scheme Consideration.

"Undertaking" means, in relation to an Undertaking Party, an undertaking to be bound by and to perform the obligations contemplated to be performed by it under or in connection with this Scheme, as set out in the BVI law governed deed of undertaking substantially in the form set out in Appendix 13 (*Deed of Undertaking*) of the Explanatory Statement.

"Undertaking Party" means each of the following parties who have given Undertakings:

- (a) the Company;
- (b) the Parent Guarantor;

- (c) San Xin;
- (d) the Information Agent;
- (e) the Notes Trustee;
- (f) the New Notes Trustee;
- (g) the ERN Trustee; and
- (h) the Collateral Agent.

"Third Party Released Person" means each of:

- (a) the Advisers;
- (b) the Notes Trustee;
- (c) the Information Agent;
- (d) each of the Noteholder Committee Members; and
- (e) any of the forgoing's Personnel and any of their agents, professional advisers and employees.

"US Securities Act" means the U.S. Securities Act of 1933, as amended, including the rules and regulations promulgated by the SEC thereunder.

"Work Fee" means, a fixed amount of US\$1,000,000 to be paid to the Noteholder Committee, 70% of such amount to be paid in full in cash on or prior to the Restructuring Effective Date and the remainder within 45 calendar days thereafter, such that each Noteholder Committee Member will receive an amount equal to that Noteholder Committee Member's pro rata share calculated on the basis of the proportion that the Notes held (in aggregate) by that Noteholder Committee Member bears to the Notes held (in aggregate) by all of the Noteholder Committee Members at the Record Time.

1.2 In this Scheme, unless the context otherwise requires or otherwise expressly provided:

- (a) to the extent that there is any conflict or inconsistency between the terms of the Scheme and the Explanatory Statement, the terms of the Scheme will prevail;
- (b) references to **"the Scheme"** is reference to this Scheme;
- (c) references to Recitals, Parts, Clauses, Sub-Clauses, Schedules and Appendices are references to the recitals, parts, clauses, sub-clauses, schedules and appendices respectively of or to this Scheme;
- (d) the Information Agent, the Scheme Creditors, the Noteholders (including for the purposes of determining interests at the Record Time), the Company or any other person will be construed as to include its successors in title, permitted assigns and permitted transferees;
- (e) references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;

- (f) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
- (g) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (h) the singular includes the plural and vice versa and words importing one gender shall include all genders;
- (i) headings to Recitals, Parts, Clauses and Sub-Clauses are for ease of reference only and shall not affect the interpretation of this Scheme;
- (j) references to "**US\$**", "**HKD**" and "**RMB**" are references to the lawful currency of the United States of America, Hong Kong and the People's Republic of China, respectively;
- (k) the words "**include**" and "**including**" are to be construed without limitation, general words introduced by the word "**other**" are not to be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words are not to be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (l) a company is a "**subsidiary**" of another company, its "**holding company**", if that other company: (a) holds a majority of the voting rights in it; (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it, or, if it is a subsidiary of a company that is itself a subsidiary of that other company;
- (m) an "**undertaking**" means a body corporate or partnership; or an unincorporated association carrying on a trade or business, with or without a view to profit; and an undertaking is a parent undertaking in relation to another undertaking, a "**subsidiary undertaking**", if: (a) it holds the majority of voting rights in the undertaking; (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; (c) it has the right to exercise a dominant influence over the undertaking: (i) by virtue of provisions contained in the undertaking's articles; or (ii) by virtue of a control contract; or (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking;
- (n) "**or**" is not exclusive;
- (o) references to a document in "**acceptable form**" are to a document in the form acceptable to the Noteholder Committee in its sole discretion as confirmed by its Advisers in writing via email to the Company;
- (p) references to "**satisfactory evidence**" are to evidence in form and substance satisfactory to the Noteholder Committee in its sole discretion as confirmed by its Advisers in writing via email to the Company;
- (q) unless otherwise stated, all references in the Scheme to times are to BVI time; and

- (r) references to Notes being held by a Noteholder shall be treated for all purposes as references to the Book Entry Interest or Book Entry Interests held by the relevant Noteholder.

PART A

BACKGROUND

2. THE COMPANY

- 2.1 The Company was incorporated in the BVI as a limited liability company with the registration number 1959066 pursuant to the Companies Act.
- 2.2 The Company's registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.
- 2.3 As at the date hereof, the Company has 10,000 ordinary shares in issue, all of which are fully paid up. The shares in the capital of the Company are held by San Xin which, in turn, is wholly owned by the Parent Guarantor.
- 2.4 On 23 January 2018, the Company entered into the Indenture pursuant to which the Notes were constituted and such indebtedness was guaranteed by the Parent Guarantor.

3. THE PURPOSE OF THE SCHEME

- 3.1 The principal object and purpose of this Scheme is to effect a compromise and arrangement between the Company and the Scheme Creditors in respect of the Scheme Claims. The arrangement and compromise effected pursuant to this Scheme will enable the Group to resolve the outstanding obligations and liabilities arising under the Notes which shall increase the likelihood of the Group being able to continue to carry on business as a going concern, and is an alternative to the commencement of insolvency proceedings in respect of the Company and the Parent Guarantor and the realisation of their respective assets for the benefit of all creditors of the Company and the Parent Guarantor, which would likely result in lower returns to their stakeholders.
- 3.2 On the Restructuring Effective Date, by reason of the terms of this Scheme the Notes will be cancelled and discharged and the respective rights and obligations of the Scheme Creditors (including, for the avoidance of doubt, any Person that acquires an interest in the Notes after the Record Time), the Company, the Parent Guarantor and the Notes Trustee towards one another under the Note Documents will terminate and be of no further force and effect.
- 3.3 If the Scheme is sanctioned by the BVI Court and the Company considers appropriate following consultation with appropriate legal counsel, the Company may (at any time on or after the Scheme Effective Date) make an application on behalf of the Company for a suitable order:
 - (a) from the United States Bankruptcy Court for the Southern District of New York under Chapter 15 of Title 11 of the United States Code; or
 - (b) under any other applicable law, legal doctrine or Proceeding concerning Cross-Border Recognition (including any other applicable law, legal doctrine or Proceeding in the United States or England and Wales) and for such other additional relief and/or assistance as the Company may require.

4. THE NOTES

The Notes are held under customary arrangements whereby:

- (a) the Notes were constituted by the Indenture;

- (b) the Notes were issued in global registered form, with the Global Notes being registered in the name of Citivic Nominees Limited as nominee of the Depositary;
- (c) interests in the Global Notes are held by Account Holders (whose identities are recorded directly in the books or other records maintained by the Clearing Systems) through the Clearing Systems, under electronic systems designed to facilitate paperless transactions in respect of dematerialised securities; and
- (d) each Account Holder may be holding its recorded interest in the Global Notes on behalf of itself and/or, directly or indirectly, one or more Scheme Creditors.

5. THE NOTES TRUSTEE AND THE SCHEME

- 5.1 Citicorp International Limited, in its capacity as Notes Trustee has been directed by the BVI Court not to vote in respect of the Notes at the Scheme Meeting and accordingly will not vote at the Scheme Meeting.
- 5.2 The Depositary (including Citivic Nominees Limited as nominee of the Depositary and as registered holder of the Notes) has been directed by the BVI Court not to vote in respect of the Notes at the Scheme Meeting and accordingly will not vote at the Scheme Meeting.
- 5.3 Each Noteholder will be entitled to vote at the Scheme Meeting, in accordance with the terms of this Scheme, in respect of all of the Notes in respect of which it owns an economic or beneficial interest as principal at the Record Time and/or instruct its Account Holder (or sub-proxy, as applicable) to appoint a sub-proxy to vote at the Scheme Meeting.

5A. SCHEME CONSIDERATION

References in this Scheme to any Scheme Consideration being paid to a person shall be treated for all purposes as references to that person being paid directly or indirectly through one or more intermediaries the relevant Scheme Consideration in accordance with the rules and procedures of the Clearing Systems.

5B. BINDING OF THIRD PARTIES

The Company shall procure that by no later than the Scheme Sanction Hearing, the Third Party Undertaking Company has been duly executed by each of the Undertaking Parties pursuant to which such Undertaking Parties will:

- (a) undertake to the Scheme Creditors, the Company and the BVI Court to be bound by the terms of the Scheme; and
- (b) agree, upon instructions by the Company or, if applicable, the Information Agent, to execute and do or procure to be executed and done all such documents, acts or things as may be necessary or desirable to be executed or done by them for the purposes of giving effect to the terms of the Scheme.

PART B

THE SCHEME

6. APPLICATION AND EFFECTIVENESS OF THE SCHEME

- 6.1 The compromise and arrangement effected by this Scheme shall apply to all Scheme Claims and shall be binding on the Company, the Parent Guarantor and all Scheme Creditors and their respective successors, assigns and transferees on and from the Restructuring Effective Date.
- 6.2 Notwithstanding any other provisions of this Scheme, Excluded Liabilities shall not be subject to the arrangement and compromise effected by this Scheme.
- 6.3 The terms of this Scheme shall become effective on and from the Scheme Effective Date.
- 6.4 The Company shall promptly notify the Information Agent of:
- (a) the satisfaction of the Conditions and the occurrence of the Scheme Effective Date; and/or
 - (b) the satisfaction of the Restructuring Conditions and the occurrence of the Restructuring Effective Date,
- by sending a Scheme Effective Notice or Completion Notice (as applicable) to the Information Agent.
- 6.5 The Information Agent shall promptly notify the Scheme Creditors, the New Notes Trustee and the ERN Trustee of the occurrence of the Scheme Effective Date or the Restructuring Effective Date (as applicable) by:
- (a) sending the Scheme Effective Notice or Completion Notice (as applicable) to the Company, the Notes Trustee, the New Notes Trustee and the ERN Trustee;
 - (b) circulating the Scheme Effective Notice or Completion Notice (as applicable) to Scheme Creditors via the Clearing Systems;
 - (c) posting the Scheme Effective Notice or Completion Notice (as applicable) on the Transaction Website; and
 - (d) sending the Scheme Effective Notice or Completion Notice (as applicable) via electronic mail to each Person who the Company believes may be a Scheme Creditor and which is registered as a Scheme Creditor with the Information Agent or has otherwise notified the Company or Information Agent of its valid electronic mail address.
- 6.6 The Company shall procure that the Restructuring Effective Date occurs as soon as practicable following the satisfaction of the Conditions and, in any event, before the occurrence of a Listing Event.

7. EFFECT OF THE SCHEME

- 7.1 On the Restructuring Effective Date, all of the rights, title and interest of Scheme Creditors in respect of:
- (a) Scheme Claims;

- (b) Ancillary Claims; and
- (c) Claims against any Released Person arising directly or indirectly out of, in relation to and/or in connection with the Note Documents;

whether before, at or after the Record Time shall be subject to each of the arrangements and compromises set out in this Scheme.

7.2 On the Restructuring Effective Date:

- (a) the Company shall pay to each Eligible Creditor that has validly cast a vote in favour of the Scheme at the Scheme Meeting the amount of the Instruction Fee to which it is entitled. Payment shall be made by way of transfer to the Clearing Systems cash account linked to the securities account in which the Notes to which that Eligible Creditor was entitled at the Record Time were held (as specified in its Account Holder Letter);
- (b) the Company shall ensure and procure that each of the New Notes Documents and the ERN Documents is executed and delivered by the parties thereto;
- (c) the Company shall distribute to each Eligible Creditor the Elective Scheme Consideration to which it is entitled, determined in accordance with the elections made in its Election Form and Schedule 1 (*Entitlements to the Elective Scheme Consideration*).
- (d) the Company shall ensure and procure that:
 - (i) the New Global Notes are executed and delivered to the New Depositary and interests in the New Global Notes are credited in the relevant amounts to the accounts in the Clearing Systems designated by the Eligible Creditors in their Account Holder Letters, such that each Eligible Creditor receives its entitlement to the Elective Scheme Consideration, determined in accordance with the elections made in its Election Form and Schedule 1 (*Entitlements to the Elective Scheme Consideration*) of this Scheme; and
 - (ii) give all such instructions as are required to be given by it to the New Notes Trustee, the ERN Trustee and/or the New Depositary for this purpose;
- (e) the Company shall deliver to:
 - (i) the New Notes Trustee and the Collateral Agent:
 - (A) a copy of a duly binding, valid and enforceable Intercompany Loan Agreement;
 - (B) a legal opinion with respect to any filing and registration with, and approval from, SAFE and NDRC as are necessary in order for (A) the Transaction Documents to be legal, valid, binding and enforceable obligations of each member of the Group that is a party thereto, and (B) conversion of RMB funds into US dollar funds and transfer of US dollar funds from the Parent Guarantor to the Issuer, the Trustee, or the Collateral Agent and to be issued by a law firm or lawyers qualified in the PRC who is/are qualified to issue opinions on any and all laws, regulations, statutes, rules, decrees, notices, and supreme court's judicial interpretations currently in force and publicly available in the PRC as of the date of such legal opinion, in acceptable form.

- (C) satisfactory evidence that all SAFE and NDRC registrations and/or approvals in connection with the New Notes, the Parent Guarantee, the Intercompany Loan Agreement and the New Notes Security Assignment have been obtained and are in full force and effect, including all registrations and/or approvals for conversion of RMB funds into U.S. dollar funds and transfer of U.S. dollar funds from the Parent Guarantor to the Company or the New Notes Trustee or the Collateral Agent pursuant to or in connection with the New Note Documents; and
- (ii) the Collateral Agent satisfactory evidence that:
 - (A) the Company has given notice of assignment and the Parent Guarantor has acknowledged such notice in accordance with clauses 3.3(a) and 3.3(b) of the New Notes Security Assignment, respectively;
 - (B) the Company has complied with its obligations under clauses 7.1(a) and 17.1 to 17.3 of the New Notes Share Charge, including, without limitation, its obligation to register the New Notes Share Charge with the Companies Registry of Hong Kong within one month from the date of the New Notes Share Charge; and
 - (C) the Company has complied with its obligations under clauses 4.3, 20.1 and 20.2 of the New Notes Debenture; and
- (iii) the ERN Trustee evidence that SAFE registrations and/or approvals in connection with the Enhanced Return Notes and the ERN Guarantee have been obtained and are in full force and effect, including registration and/or approvals for conversion of RMB funds into U.S. dollar funds and transfer of U.S. dollar funds from the Parent Guarantor to the Company or the ERN Trustee pursuant to or in connection with the ERN Documents; and
- (iv) the New Notes Trustee, the ERN Trustee and the Collateral Agent:
 - (A) a copy of the acceptable form resolutions of the board of directors of each member of the Group that is a party to a Transaction Document:
 - (I) approving the terms of, and the transactions contemplated by, the Transaction Documents to which that member is a party and resolving to execute such Transaction Documents; and
 - (II) authorising a specified person or persons to execute those Relevant Documents (and all documents and notices to be signed and/or dispatched under those documents) on its behalf; and
 - (B) a copy of the acceptable form resolutions signed by the shareholders of each member of the Group that is a party to a Transaction Document approving the terms of, and the transactions contemplated by, the Transaction Documents to which that member is a party.
- (f) all Residual Scheme Consideration shall be transferred to the relevant accounts designated by the Holding Period Trustee and the Holding Period Trustee shall

enter into the Holding Period Trust Deed pursuant to which it will hold the Residual Scheme Consideration on trust for the Ineligible Creditors in accordance with the terms of the Holding Period Trust Deed; and

- (g) to the extent not already completed prior to the Restructuring Effective Date:
 - (i) the Company shall pay all fees, costs and expenses of all of: (i) the Advisers by way of transfer of such amounts to the bank account specified by each of the relevant Advisers; and (ii) the Information Agent, the Holding Period Trustee, the Notes Trustee, the New Notes Trustee and the agents of the New Notes, and the ERN Trustee and the agents of the Enhanced Return Notes pursuant to the terms agreed between the Company and the relevant party and subject to any agreed caps (including under the RSA) that have been duly invoiced by no later than five (5) Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company with the relevant party or parties); and
 - (ii) the Company shall pay to each Noteholder Committee Member its respective entitlement to the first instalment of the Work Fee, being an aggregate amount of US\$700,000, to the bank account notified by such Noteholder Committee Member to the Company.

7.3 On the Restructuring Effective Date and conditional on completion of each of the steps outlined in paragraphs (a) to (g) of Clause 7.2:

- (a) the Company shall ensure that the Global Notes representing the Notes are cancelled by the Depositary and shall give all such instructions as are required to be given by it (or for and on behalf of each Scheme Creditor) to the Notes Trustee, Depositary and/or the Notes registrar (to the extent the Notes register is to be updated) for such purpose;
- (b) the Company shall, for and on behalf of each Scheme Creditor, execute the Deed of Release; and
- (c) the respective rights and obligations of the Scheme Creditors (including, for the avoidance of doubt, any Person that acquires an interest in the Notes after the Record Time), the Company, the Parent Guarantor, any other members of the Group and the Notes Trustee towards one another under the Note Documents will terminate.

7.4 Within 45 Business Days after the Restructuring Effective Date, the Company shall pay to each Noteholder Committee Member its respective entitlement to the second instalment of the Work Fee, being an aggregate amount of US\$300,000, to the bank account notified by such Noteholder Committee Member to the Company.

8. **HOLDING PERIOD TRUST**

8.1 On the Holding Period Expiry Date, each Ineligible Creditor which establishes its entitlement to its share of the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time and has submitted a duly completed Distribution Confirmation Deed and, if applicable, Designated Recipient Form shall receive its share of Trust Assets to be determined as follows:

- (a) such Ineligible Creditor's share of the Trust Assets shall be calculated on the basis of the proportion that the Scheme Claim of that Ineligible Creditor bears to the aggregate Scheme Claims of all Ineligible Creditors; and

- (b) if the Trust Assets comprises both New Notes and Enhanced Return Notes, such Ineligible Creditor shall receive New Notes and Enhanced Return Notes in the ratio that the New Notes Issuance Amount bears to the ERN Issuance Amount.
- 8.2 If an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time that Ineligible Creditor's rights under this Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive any Scheme Consideration under this Scheme.
- 8.3 Immediately after the Bar Time, any remaining Trust Assets held by the Holding Period Trustee shall be held on trust by the Holding Period Trustee on the terms of the Holding Period Trust Deed for and on behalf of, and distributed pro rata to the Eligible Creditors, such that each Eligible Creditor will receive a share of the Trust Assets calculated on the basis of the proportion that the Scheme Claim by that Eligible Creditor bears to the aggregate Scheme Claims at the Record Time.
- 9. **NO RIGHT TO COMMENCE PROCEEDINGS**
 - 9.1 From and after the Scheme Effective Date, no Scheme Creditor or Scheme Creditor Party shall be entitled to commence, continue or procure the commencement or continuation of any Restricted Proceeding, whether directly or indirectly, against any of the Released Persons, provided that, for the avoidance of doubt, nothing contained herein shall prevent or prohibit any Scheme Creditor from commencing and/or continuing an Allowed Proceeding.
 - 9.2 Each Scheme Creditor is deemed to acknowledge that if it, or any Person claiming through it, takes any Restricted Proceedings against the Released Persons in breach of Clause 9.1 and the Deed of Release, the Released Person shall be entitled to obtain an order as of right staying those Restricted Proceedings and providing for payment, by the Scheme Creditor concerned and any Person claiming through it, of any reasonable costs, charges or other expenses incurred by such Released Person as a result of taking such Restricted Proceedings.
- 10. **INSTRUCTIONS, AUTHORISATIONS AND DIRECTIONS**
 - 10.1 Each Scheme Creditor hereby authorizes and instructs the Depositary and the Notes Trustee to, on or after the Scheme Effective Date, take whatever action that is necessary or reasonably appropriate to give effect to the terms of this Scheme.
 - 10.2 On and from the Scheme Effective Date, in consideration of the rights provided to the Scheme Creditors under this Scheme and solely for the purposes of giving effect to the terms of this Scheme, each Scheme Creditor hereby appoints the Company as its attorney and agent and irrevocably authorises, directs, instructs and empowers the Company (represented by any duly authorised representative):
 - (a) enter into, execute and deliver (whether as a deed or otherwise) for and on behalf of each Scheme Creditor, the Deed of Release (substantially in the form appended to the Explanatory Statement but subject to any modifications approved or imposed by the BVI Court in accordance with the terms hereof or as otherwise permitted under the terms of this Scheme) and any other document referred to, contemplated by or ancillary to any of the foregoing, provided that:
 - (i) such documents shall not release any Claim with respect to any Excluded Liability; and
 - (ii) such documents will not become effective prior to the Restructuring Effective Date (unless strictly necessary to become effective earlier to

implement the Restructuring) and will only become effective in accordance with their respective terms, whereupon they shall be binding on all Scheme Creditors; and

- (b) take whatever action is necessary to ensure that the books and records of the Clearing Systems are updated to reflect the terms of this Scheme, including without limitation to:
 - (i) instruct the Clearing Systems to debit the Book Entry Interests relating to the Notes from the custody account of each Scheme Creditor (or its Account Holder, as applicable);
 - (ii) authorise the cancellation of the Book Entry Interests in respect of the Notes; and
- (c) take or carry out any other step or procedure reasonably required to give effect to this Scheme and the Restructuring.

10.3 Each Scheme Creditor hereby, for itself and its successors, assigns, releases, discharges and exonerates each of the Notes Trustee and its officers, agents, affiliates, attorneys and advisers from any and all Liability (other than any Excluded Liability) to the Scheme Creditors:

- (a) by reason of any of them acting in accordance with the above authorisation and instruction;
- (b) for the manner of performance of all acts carried out on such instructions in this Clause 10; and
- (c) with effect from the Restructuring Effective Date, under the Note Documents (without prejudice to any rights, privileges, immunities, indemnities and limitations of Liability of the Notes Trustee under the Indenture);

in each case save to the extent of the Notes Trustee's and/or its officers, agents, affiliates, attorneys and advisers own gross negligence, wilful misconduct or fraud.

10.4 Each Scheme Creditor hereby acknowledges and agrees that any action taken by the Company in accordance with this Scheme or the Restructuring Documents will not constitute a breach of the Note Documents or any other agreement or document governing the terms of any Scheme Claim.

10.5 The directions, instructions and authorisations granted under this Clause 10 shall be treated, for all purposes whatsoever and without limitation, as having been granted by deed and the Company shall be entitled to delegate the authority granted and conferred by this Clause 10 to any duly authorised officer or agent of the Company as necessary.

11. **SCHEME CREDITOR UNDERTAKINGS AND RELEASES**

11.1 In consideration for its entitlement to the Scheme Consideration each Scheme Creditor hereby gives the undertakings, releases and waivers in this Clause 11.

11.2 With effect on and from the Restructuring Effective Date and conditional upon each Eligible Creditor having received its entitlement to the Scheme Consideration in full, each Scheme Creditor conclusively, irrevocably, unconditionally, fully and absolutely:

- (a) waives, discharges and releases the Released Persons and the Notes Trustee from their respective obligations and liabilities (actual, contingent, present and

future) under or in connection with the Note Documents other than any Excluded Liability;

- (b) (save for any Excluded Liability) waives, discharges and releases all of its rights, title and interest in and to its Scheme Claims and its Ancillary Claims in consideration for its entitlement to receive the Scheme Consideration in accordance with the terms of this Scheme;
- (c) (save for any Excluded Liability) waives, discharges and releases any right or remedy it may have under or otherwise related to the Note Documents, the RSA and/or otherwise against any Released Person and/or the Notes Trustee in relation to any breaches or defaults under the Note Documents, the RSA or other actions occurring on or before the Restructuring Effective Date or that may occur as a result of or in connection with the implementation of the Scheme and/or the Restructuring;
- (d) ratifies and confirms everything which any Released Person may lawfully do or cause to be done in accordance with any authority conferred by this Scheme and for the purpose of giving effect to this Scheme, and agrees not to challenge:
 - (i) the validity of any act done or omitted to be done as permitted by the terms of this Scheme; or
 - (ii) the exercise or omission to exercise of any power conferred in accordance with the provisions of this Scheme;

in each case, other than any act or omission done or made as a result of gross negligence, wilful default, wilful misconduct or fraud on the part of any Released Person;

- (e) (save for any Excluded Liability) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against any Released Person and the Notes Trustee;
- (f) (save for any Excluded Liability) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against the Advisers and their respective Personnel and Affiliates and the Notes Trustee;
- (g) (save for any Excluded Liability) any Claim it ever had, may have or hereafter can, shall or may have, whether in this jurisdiction or any other or under any law, of whatsoever nature and howsoever, against any Third Party Released Person in connection with the preparation, negotiation, sanction or implementation of this Scheme and the Restructuring Documents;
- (h) waives, releases and discharges any Claim which it ever had, may have or hereafter can, shall or may have against each Noteholder Committee Member, its successors and assigns, and their respective advisers, Personnel and Affiliates and
- (i) undertakes to the Released Persons that it will not, and shall use all reasonable endeavours to procure that its Scheme Creditor Parties will not, commence or continue, or instruct, direct or authorise any other Person to commence or continue, any Proceedings in respect of or arising from any Released Claim.

11.3 The releases, waivers and undertakings under this Clause 11 shall:

- (a) not prejudice or impair any rights of any Scheme Creditor or have the effect of waiving, releasing or discharging any Liability of a Released Person:
 - (i) arising or otherwise created under this Scheme;
 - (ii) arising from or in connection with any breach of any term of any Restructuring Document or any actual or purported rescission or repudiation of a Restructuring Document
- (b) apply to any right to commence and/or continue and/or instruct any other person to commence or continue any (i) Allowed Proceeding; and/or (ii) any Proceeding to enforce its rights under or in relation to the Restructuring Documents; or
- (c) not prejudice or impair any Claims or causes of action of any Scheme Creditor arising from or relating to the negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct of any party which is seeking to rely on such releases, waivers or undertakings;
- (d) not require a Scheme Creditor to procure any undertaking or acknowledgement from, or action by any entity from which such Scheme Creditor acquired its rights in respect of any Scheme Claim and/or to whom such Scheme Creditor has transferred or transfers its rights in respect of any Scheme Claim; and
- (e) not extend to any Liability of any Adviser arising under a duty of care to its client.

PART C

IDENTIFICATION OF SCHEME CLAIMS

12. DETERMINATION OF SCHEME CLAIMS

- 12.1 All Persons claiming to be Scheme Creditors must submit a Custody Instruction and provide (or arrange for their Account Holder to provide on their behalf) the Information Agent with a duly completed Account Holder Letter in respect of their Scheme Claims:
- (a) prior to the Record Time should they wish to:
 - (i) vote at the Scheme Meeting; and
 - (ii) receive their entitlement of the Scheme Consideration on the Restructuring Effective Date; or
 - (b) prior to the Bar Time if they wish to receive their entitlement to the Scheme Consideration before the expiry of their right to receive the same.
- 12.2 Subject to Clause 12.1, voting instructions given in Account Holder Letters delivered after the Record Time will be disregarded for voting purposes at the Scheme Meeting.
- 12.3 Subject to Clause 12.1, for the purposes of voting all Scheme Claims shall be determined as at the Record Time by the Information Agent.
- 12.4 The Information Agent shall verify the principal amount of the Notes specified by each Noteholder in its duly submitted Account Holder Letter against the information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds (or, as applicable, held) its interest in the Notes at the Record Time. The Information Agent shall determine the number of votes to be assigned to a Scheme Creditor for the purposes of voting at the relevant Scheme Meetings (without double-counting, and without permitting duplicative claims or portions of claims against the Company other than for US\$1) as follows: a value equal to the sum of (i) the outstanding principal amount of the Notes held by a Scheme Creditor held an economic or beneficial interest as principal at the Record Time, and (ii) all accrued and unpaid interest relating to such Notes up to (but excluding) the Record Time.
- 12.5 The Chairpersons shall have absolute discretion (in the absences of manifest error, wilful default, wilful misconduct or fraud) to permit any Scheme Creditor to vote at the Scheme Meeting, notwithstanding that the Account Holder Letter had not been validly completed in accordance with the instructions set out in Appendix 6 (*Solicitation Packet*) to the Explanatory Statement or has been submitted to the Information Agent after the Record Time, provided that the Chairpersons consider that the information contained therein is sufficient to establish the right of the Scheme Creditor to vote at the Scheme Meeting.
- 12.6 For the purposes of determining entitlement to Scheme Consideration, Scheme Claims shall be determined by the Company with the assistance of the Information Agent. The Company shall assess Scheme Claims for the purposes of determining entitlements to Scheme Consideration by reference to the outstanding principal amount of Notes in which the relevant Scheme Creditor held an economic or beneficial interest as principal at the Record Time (without prejudice to the accrual of interest on the Notes as part of their Scheme Consideration).
- 12.7 The Company (with the assistance of the Information Agent) shall use the Account Holder Letter submitted by or on behalf of a Noteholder, as verified against any relevant information provided in the Custody Instruction through the Clearing System through which

that Noteholder holds its interest in the Notes at the Record Time to determine the Scheme Claim of each Scheme Creditor.

- 12.8 If the Company refuses to Accept an alleged Claim received from an alleged Scheme Creditor or other Person, it shall prepare a statement in writing or electronic mail of its reasons for doing so (a "**Scheme Claims Determination Notice**") and send such statement to the Person alleging such Claim against the Company:
- (a) if such alleged Claim is received by the Record Time, within three (3) Business Days after the Record Time; or
 - (b) if such alleged Claim is received after the Record Time but prior to the Bar Time, within three (3) Business Days after it determines to refuse to accept the alleged Claim.
- 12.9 In the event that there is any Dispute between the Company and any Person as to the existence or the amount of the Liability or Claim asserted by an alleged Scheme Creditor (other than disputes that arise in connection with the casting of votes at the Scheme Meeting, which shall be resolved by the Chairperson in accordance with Part E), the Company or such alleged Scheme Creditor shall refer the matter to the Adjudicator in accordance with the Adjudication Procedure as set out in Part E.
- 12.10 For the avoidance of doubt, that no Noteholder shall be prevented or prohibited from commencing and/or continuing any Proceedings in the event that it disputes any determinations on such basis, and for the avoidance of doubt, any such Proceeding shall be an Allowed Proceeding for the purposes of this Scheme.

13. **SALES, ASSIGNMENTS OR TRANSFERS**

Neither the Company nor the Information Agent shall be under any obligation to recognise any sale, assignment or transfer of any Scheme Claim after the Record Time for the purposes of determining entitlement to attend and vote at the Scheme Meeting, provided that the Company or its Information Agent may (in its sole discretion and subject to the production of such other evidence as it may reasonably require) recognise such sale, assignment or transfer for the purposes of determining entitlements to the Scheme Consideration. A transferee of Scheme Claims after the Record Time will, however, be bound by the terms of this Scheme in the event that it becomes effective.

14. **PROVISION OF INFORMATION**

- 14.1 A Custody Instruction must be submitted by an Account Holder via the Clearing Systems prior to the submission of an Account Holder Letter.
- 14.2 Account Holder Letters must be provided by the Account Holders on behalf of the Noteholders via the Transaction Website.
- 14.3 Account Holder Letters shall provide the Information Agent with all information requested in, and be submitted in accordance with the instructions set out in, the form of Account Holder Letter.
- 14.4 If the Information Agent refuses to accept an Account Holder Letter it shall promptly prepare a written statement or an electronic mail to inform the relevant Account Holder of its reasons for doing so and send such statement to the party that provided such Account Holder Letter. It is the responsibility of the Noteholder and its Account Holder to submit a validly completed Custody Instruction and Account Holder Letter prior to the relevant deadline. The Information Agent shall bear no responsibility whatsoever for the failure of any Noteholder or Account Holder to comply with such requirements.

- 14.5 Subject to the Chairpersons' discretion under Clause 12.5, any errors or omissions contained in any Account Holder Letter submitted must be rectified by the relevant Account Holder prior to the Record Time in order to be accepted for voting purposes at the Scheme Meeting.

15. **THE INFORMATION AGENT**

The Company has retained the Information Agent to provide the information agent services described herein (subject to the terms of a separate agreement between the Company and the Information Agent). The Information Agent is an agent of the Company and owes no duty to any third party (including without limitation, the Scheme Creditors) in respect of the performance of its duties as Information Agent..

PART D

CONDITIONS TO THE SCHEME AND RESTRUCTURING

16. CONDITIONS TO THE EFFECTIVENESS OF THE SCHEME

This Scheme shall only become effective following the satisfaction of all of the following Conditions:

- (a) the approval of the Scheme (with or without modifications) by a simple majority in number of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy representing at least 75% in value of the aggregate Scheme Claims of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy;
- (b) the sanction of the Scheme (with or without modification) by the BVI Court; and
- (c) the filing of a sealed copy of the BVI Sanction Order with the BVI Registrar of Corporate Affairs.

17. CONDITIONS TO THE EFFECTIVENESS OF THE RESTRUCTURING

The Restructuring Effective Date shall only occur following the satisfaction of all the following conditions:

- (a) each of the Conditions has been satisfied and the Scheme Effective Date has occurred;
- (b) the Company has paid in full to each Scheme Creditor that has validly cast a vote in favour of the Scheme at the Scheme Meeting its entitlement to the Instruction Fee;
- (c) the Company has discharged in full all of its obligations and liabilities under paragraphs (a) to (g) of Clause 7.2 of the Scheme;
- (d) the Company has paid all the fees, costs and expenses of all of: (i) the Advisers by way of transfer of such amounts to the bank account specified by each of the relevant Advisers, and (ii) the Information Agent, the Holding Period Trustee, the Notes Trustee, the New Notes Trustee and the agents of the New Notes, and the ERN Trustee and the agents of the Enhanced Return Notes that the Company is required to pay pursuant to, if applicable, the terms agreed between the Company and the relevant party and subject to any agreed caps (including under the RSA) that have been duly invoiced by no later than five (5) Business Days before the Restructuring Effective Date (or such later date as may be agreed by the Company with the relevant party or parties);
- (e) a Completion Notice has been delivered to the Information Agent and such Completion Notice has been delivered by the Information Agent in accordance with Clause 6.5 of the Scheme; and
- (f) the Company has paid to each Noteholder Committee Member 70% of such Noteholder Committee Member's entitlement to the Work Fee.

PART E

GENERAL SCHEME PROVISIONS

18. SECURITIES LAW CONSIDERATIONS

- 18.1 The New Notes and the Enhanced Return Notes will not be registered under the US Securities Act or any state or other securities laws of the United States of America or any other jurisdiction.
- 18.2 Accordingly, the New Notes and the Enhanced Return Notes will be available only: (a) in the United States to "qualified institutional buyers" as defined in Rule 144A under the US Securities Act and institutional "accredited investors" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act; and (b) outside the United States to non-U.S. persons in offshore transactions, in reliance on Regulation S under the US Securities Act.

19. CANCELLATION OF EXISTING NOTES

Prior to the Record Time, the Company shall cancel or procure the cancellation of any Note that:

- (a) it, any other member of the Group or any of its or their Affiliates has a beneficial interest in; and/or
- (b) it, any other member of the Group or any of its or their Affiliates has redeemed, converted, acquired or purchased,

and, for the avoidance of doubt, any such Note shall not be voted at the Scheme Meeting.

20. GENERAL PROVISIONS IN RELATION TO VOTING AT THE SCHEME MEETING

- 20.1 Every Scheme Creditor whose vote is validly cast in person or by its authorised representative (if a corporation) or by proxy at the Scheme Meeting shall have one (1) vote for every US\$1 of outstanding principal amount of the Notes in which it holds an economic or beneficial interest as principal at the Record Time (without double counting). This is subject to the Information Agent verifying such principal amount specified by each Scheme Creditor in its duly submitted Account Holder Letter against the information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds (or, as applicable, held) its interest in the Notes at the Record Time.
- 20.2 If a Scheme Claim is unascertained, contingent or disputed the Chairpersons may admit the Scheme Claim for voting purposes at the Scheme Meeting only at a value which the Chairpersons consider is a fair and reasonable assessment of the sums owed by the Company in respect of that Scheme Claim.
- 20.3 The amount of a Scheme Claim which is accepted by the Chairpersons for voting purposes is not indicative of whether that Scheme Claim will be accepted by the Company for the purposes of determining entitlement to Scheme Consideration.
- 20.4 The Chairpersons of the Scheme Meeting will collate the votes from each Scheme Creditor and will add the votes during the Scheme Meeting. The Chairpersons will be responsible for counting the votes. The Chairpersons shall then report to the Scheme Creditors as to whether the Scheme has been approved.
- 20.5 For purposes of voting at the Scheme Meeting, any vote need only indicate whether the Scheme Creditor casting such vote approves or does not approve the Scheme.

- 20.6 Subject to any inherent jurisdiction of the BVI Court, the decision of the Chairpersons of the Scheme Meeting as to the admission of votes at that meeting shall be final and binding to the fullest extent permitted by law for the purposes of, and in relation to the proceedings at, the Scheme Meeting.

21. **CHAIRPERSONS OF THE SCHEME MEETING**

The Chairpersons of the Scheme Meeting shall be Mr Nicholas Brookes, a partner of Ogier of Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (or such other person(s) of Ogier as appropriate) and Mr Justin Davis, a partner of Ogier (or such other person(s) of Ogier as appropriate). The Chairpersons may act jointly or severally.

22. **SCHEME COSTS**

The Company shall pay all costs incurred by the Company and its Affiliates in connection with the negotiation, preparation and implementation of the Scheme as and when they arise, including but not limited to the costs of holding the Scheme Meeting and the costs of the application(s) to the BVI Court to sanction the Scheme, the costs, charges, expenses and disbursements of all of its or their Advisers in accordance with the terms agreed with the relevant Adviser.

23. **QUORUM REQUIRED FOR SCHEME MEETING**

- 23.1 The Scheme Meeting shall require a quorum of three Scheme Creditors present in person or by proxy.

- 23.2 No business shall be transacted at the Scheme Meeting unless a quorum is present when the meeting proceeds to business.

24. **MODIFICATIONS OF THE SCHEME**

- 24.1 Subject to Clauses 24.2 to 24.3, this Scheme may only be amended or waived with the consent of the Company and Scheme Creditors holding more than 50% in value of all Scheme Claims.

- 24.2 The Company may, at any hearing to sanction this Scheme, consent on behalf of all Scheme Creditors, the Parent Guarantor and the Group to any modification of this Scheme or any terms or conditions which the BVI Court may think fit to approve or impose and which would not directly or indirectly have a material adverse effect on the rights and interests of any Scheme Creditor under this Scheme.

- 24.3 With effect on and from the Scheme Effective Time and until the Restructuring Effective Date, the Company (represented by any duly authorised representative) shall be authorised, directed, instructed and empowered to, in respect of the Transaction Documents:

- (a) agree on their behalf to any amendments which the Company may deem necessary or desirable in order to correct any manifest error or otherwise to make any non-material amendments for the purposes of ensuring that such Transaction Documents reflect the terms of this Scheme and the transactions intended to be entered into in order to effect the transaction contemplated thereunder;
- (b) complete any blanks including, without limitation, any dates, times, figures, bank account details, notice provisions or legal entity names, lists of parties and/or signature blocks, in each case in accordance with any relevant provisions of such

Transaction Document and/or any relevant information or instruction provided to it in connection therewith;

- (c) make any other minor or technical amendments which would not have an adverse effect on the interests of the Company or the Scheme Creditors or impose any additional obligation on any Scheme Creditor; and/or
- (d) take into account any modification of, or addition to, this Scheme and/or the Transaction Documents approved or imposed by the Court in accordance with this Clause 24.

25. MODIFICATIONS OF THE NEW NOTES, THE ENHANCED RETURN NOTES AND/OR THE HOLDING PERIOD TRUST DEED FOLLOWING THE RESTRUCTURING EFFECTIVE DATE

- 25.1 Nothing in this Scheme shall prevent any modification of: (a) the terms and conditions of the New Notes and/or the New Note Documents in accordance with the terms of the New Notes Indenture and all other New Note Documents, respectively; (b) the terms and conditions of the Enhanced Return Notes and/or the ERN Documents in accordance with the terms of the ERN Indenture and all other ERN Documents, respectively; and (c) the Holding Period Trust Deed in accordance with its terms; in each case following the Restructuring Effective Date.
- 25.2 The parties to each of the New Notes, the Enhanced Return Notes, the New Notes Indenture, the ERN Indenture, may, prior to its execution on the Restructuring Effective Date, consent to any modification of such document which is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law. The Company and the Holding Period Trustee may, without the consent of the beneficiaries of the Holding Period Trust Deed, make any modification to the form of the Holding Period Trust Deed which is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law.

26. TERMINATION OF THE SCHEME

- 26.1 The Company may terminate the Scheme at any time prior to the Restructuring Effective Date by notice to the Scheme Creditors.
- 26.2 In the event that this Scheme is terminated, each Scheme Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company and/or the Parent Guarantor under the terms and conditions of the Note Documents as though this Scheme had never been contemplated or implemented.
- 26.3 Clauses 26 and 38 shall survive termination of the Scheme.

27. RECORD TIME

- 27.1 For the purposes of voting on the Scheme, all Scheme Claims will be determined by the Chairperson with the assistance of the Information Agent (on behalf of the Company) and the Company as at the Record Time.
- 27.2 Any successors, assignees or transferees of a Scheme Claim after the Record Time shall be bound by the terms of the Scheme as Scheme Creditors.

28. NOTICES

- 28.1 Without prejudice to any other provision of this Scheme specifying another method of notice, any notice or other written communication to be given under or in relation to this

Scheme shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by Post, and by air mail where it is addressed to a different country from that in which it is posted, or by email, to:

- (a) in the case of the Company: Sanxing Group, Handian Industrial Park, Zouping, Shandong, 256209, PRC; Attention: Cheng Qiang, 18654360959 or by email at chengq16263@126.com; or
- (b) in the case of a Scheme Creditor, its last known address known to the Company, provided that all deliveries of notices required to be made by this Scheme shall be effective by posting the same in pre-paid envelopes or via email addressed to the Scheme Creditors or, if so directed by the Scheme Creditors, to the relevant Account Holder for the Persons respectively entitled thereto at the addresses or email address (if any) appearing in the relevant Account Holder Letter or to such other addresses (if any) as such Persons may respectively direct in writing; and
- (c) in the case of any other Person, any address or email address set forth for that Person in any agreement entered into in connection with this Scheme.

28.2 In addition:

- (a) any notice or other written communication to be given to the Scheme Creditors under or in relation to this Scheme may also be given and shall be deemed to have been duly given if sent by electronic means through the Clearing Systems; and
- (b) any Account Holder Letter delivered to the Information Agent by a Scheme Creditor shall be deemed to have been duly delivered if submitted online at the Transaction Website.

28.3 Any notice or other written communication to be given under this Scheme shall be deemed to have been served:

- (a) if delivered by hand, on the first Business Day following delivery;
- (b) if sent by Post, on the second Business Day after posting if the recipient is in the country of despatch, otherwise on the fifth Business Day after posting; and
- (c) if distributed electronically through the Clearing Systems, on the fifth Business Day after such distribution.

28.4 In proving service, it shall be sufficient proof, in the case of a notice sent by Post, that the envelope was properly stamped, addressed and placed in the Post.

28.5 The accidental omission to send any notice, written communication or other document in accordance with this Clause 28 or the non-receipt of any such notice by any Scheme Creditor, shall not affect any of the provisions of this Scheme or the effectiveness thereof.

29. **PAYMENT OF CASH**

Any cash payable by the Company pursuant to this Scheme shall be paid in US\$.

30. **PROVISION OF INFORMATION BY OR TO SCHEME CREDITORS**

Information and documentation regarding the Scheme, including the Explanatory Statement and documents required for the purpose of voting on the Scheme, will be available on the Transaction Website and on request during normal working hours from the Information Agent at sanxing@dfkingltd.com.

31. **PERFORMANCE ON DAYS OTHER THAN A BUSINESS DAY**

If any obligation is to be performed under the terms of this Scheme on a date other than a Business Day, the relevant obligation will be performed on the next Business Day.

32. **EXERCISE OF DISCRETION**

Where under any provision of this Scheme, a matter is to be determined by the Company or the Information Agent, as the case may be, it shall be determined by it in its discretion in such manner as is fair and reasonable. If any difficulty shall arise in determining any such matter either generally or in any particular case or in ensuring the result described above, it shall be resolved by the Company or the Information Agent, as the case may be, in such manner as is fair and reasonable and its decision shall, insofar as permitted by law and save for any manifest error, gross negligence, wilful default, wilful misconduct or fraud, be final and binding on all concerned.

33. **FORCE MAJEURE**

None of the Scheme Creditors, the Company, the Parent Guarantor, the Group and its Affiliates or the Information Agent shall be in breach of its obligations under this Scheme as a result of any delay or non-performance of its obligations under this Scheme arising from any Force Majeure.

34. **APPLICATION FOR DIRECTIONS**

Without prejudice to any rights that the Company might otherwise have in connection with this Scheme or any aspect of it, the Company shall be entitled to make an application to the Court for directions at any time in connection with any matter arising under or in relation to this Scheme.

35. **CONFLICT AND INCONSISTENCY**

In the case of a conflict or inconsistency between the terms of this Scheme and the terms of the Explanatory Statement and/or the RSA, the terms of this Scheme will prevail.

36. **THIRD PARTY RIGHTS**

- (a) Save as expressly provided for in this Scheme and as identified in this Clause 36, nothing in this Scheme or the Explanatory Statement is intended to confer any rights on, or to be enforceable by, any party other than the Scheme Creditors and the Company.
- (b) Each of the Released Person and each Third Party Released Person and the Depositary shall be entitled to enforce each of the terms of this Scheme as if they were a party to it.
- (c) With respect to each Undertaking Party, in consideration for each of the consents and undertakings given in its Third Party Undertaking, each Undertaking Party shall be entitled to rely upon, enjoy the benefit of, and enforce each of the rights conferred on it by this Scheme.

37. **SEVERABILITY**

If at any time any provision of this Scheme is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability under the law of any other jurisdiction of that or any provision of this Scheme shall be affected or impaired.

38. **GOVERNING LAW AND JURISDICTION**

- 38.1 This Scheme and any non-contractual obligations arising out of or in connection with the Scheme shall be governed by, and construed in accordance with, the laws of BVI.
- 38.2 The Scheme Creditors agree that the BVI Court shall have exclusive jurisdiction to hear and determine any dispute or Proceedings arising out of or in connection with the Scheme and/or implementation of the Scheme and the Scheme Creditors hereby submit to the exclusive jurisdiction of the BVI Court for those purposes.
- 38.3 The Scheme shall take effect subject to any prohibition or condition imposed by law.
- 38.4 The releases, waivers and undertakings contained in both this Scheme and the Deed of Release shall take effect and be binding on Scheme Creditors in accordance with the terms of the Scheme.

SCHEDULE 1 - ENTITLEMENTS TO THE ELECTIVE SCHEME CONSIDERATION

The Information Agent shall determine the entitlements to the Elective Scheme Consideration of each Scheme Creditor (who is an Eligible Creditor) in accordance with this Schedule 1.

- (a) Each Scheme Creditor must specify in its Election Form,:
 - (i) whether it wishes receive its allocation of the Elective Scheme Consideration in the form of New Notes, the Enhanced Return Notes or a combination of both New Notes and Enhanced Return Notes and, if no election has been made or paragraph (c)(i) below applies, such Scheme Creditor shall be deemed to have elected to receive its allocation of the Elective Scheme Consideration to which it is entitled in the form of New Notes only;
 - (ii) whether it wishes to receive the Elective Scheme Consideration to which it is entitled on its own account or to designate one or more Designated Recipient(s) to receive its Elective Scheme Consideration.
- (b) If a Scheme Creditor wishes to receive the Elective Scheme Consideration to which it is entitled in the form both New Notes and Enhanced Return Notes, such Scheme Creditor must indicate in its Election Form:
 - (A) the total value of the Elective Scheme Consideration expressed as a percentage that such Scheme Creditor wishes to receive in the form of New Notes (together with the Non-Issuable ERN Scheme Claims or the Undischarged ERN Scheme Claims (as the case may be), the **"New Notes Scheme Claim"**); and
 - (B) the total value of the Elective Scheme Consideration expressed as a percentage that such Scheme Creditor wishes to receive in the form of Enhanced Return Notes (the **"ERN Scheme Claim"**),
- (c) The Information Agent shall determine the aggregate principal amount of Enhanced Return Notes elected to be received by Scheme Creditors (each, an **"ERN Scheme Creditor"**) in their Election Forms as follows:
 - (i) if the aggregate amount of ERN Scheme Claims is less than the ERN Minimum Issuance Amount (the **"Non-Issuable ERN Scheme Claims"**):
 - (A) no Enhanced Return Notes shall be issued and the Scheme Consideration will consist solely of New Notes, regardless of any nominations made by any Scheme Creditor; and
 - (B) all ERN Scheme Creditors shall be deemed to have elected in the Election Form to receive their allocations of the Elective Scheme Consideration to which they are entitled in the form of New Notes only.
 - (ii) if the aggregate amount of ERN Scheme Claims is more than the ERN Minimum Issuance Amount but less than the ERN Maximum Issuance Amount:
 - (A) the ERN Scheme Claims of ERN Scheme Creditors shall be discharged in full by the issuance of Enhanced Return Notes by the Company; and
 - (B) an ERN Scheme Creditor's entitlement to receive Enhanced Return Notes shall be equal to that ERN Scheme Creditor's pro rata share of the ERN Issuance Amount calculated on the basis of the proportion that the ERN

Scheme Claim of that ERN Scheme Creditor bears to the aggregate ERN Scheme Claims of all ERN Scheme Creditors.

- (iii) if the aggregate amount of ERN Scheme Claims is more than the ERN Maximum Issuance Amount:
 - (A) the ERN Scheme Claims of ERN Scheme Creditors may be discharged only partially by the issuance of Enhanced Return Notes by the Company;
 - (B) an ERN Scheme Creditor's entitlement to receive Enhanced Return Notes shall be equal to that ERN Scheme Creditor's pro rata share of the ERN Maximum Issuance Amount calculated on the basis of the proportion that the ERN Scheme Claim of that ERN Scheme Creditor bears to the aggregate ERN Scheme Claims of all ERN Scheme Creditors; and
 - (C) the portion of an ERN Scheme Creditor's ERN Scheme Claim that would remain undischarged after the issuance of Enhanced Return Notes (the **"Undischarged ERN Scheme Claim"**) shall be discharged by the issuance of New Notes by the Company. Each ERN Scheme Creditor shall be deemed to (i) have elected in the Election Form to receive their Undischarged ERN Scheme Claim in the form of New Notes and that ERN Scheme Creditor's Undischarged ERN Scheme Claim shall be deemed to be an New Notes Scheme Claim; and (ii) be a New Notes Scheme Creditor with respect to the Undischarged ERN Scheme Claim.
- (d) After having made the determination under paragraph (c) above, the Information Agent shall determine the aggregate principal amount of New Notes elected to be received by Scheme Creditors (each, a **"New Notes Scheme Creditor"**) in their Election Forms as follows:
 - (i) the New Notes Scheme Claims of New Notes Scheme Creditors shall be discharged in full by the issuance of New Notes by the Company; and
 - (ii) a New Notes Scheme Creditor's entitlement to receive New Notes shall be equal to that New Notes Scheme Creditor's pro rata share of the New Notes Issuance Amount calculated on the basis of the proportion that the New Notes Scheme Claim of that New Notes Scheme Creditor bears to the aggregate New Notes Scheme Claims of all New Notes Scheme Creditors.
- (e) The following principles shall apply to the determinations to be made pursuant to this Schedule and the issuance of Elective Scheme Consideration. The amount of its Elective Scheme Consideration to be allocated to a Scheme Creditor or its Designated Recipient must be:
 - (A) not less than US\$1,000
 - (B) not more than the Note Claim Amount; and
 - (C) an integral multiple of US\$1,000,

provided that:

 - (I) no fraction of New Notes and Enhanced Return Notes will be issued;

- (II) if a Scheme Creditor's Elective Scheme Consideration would be less than US\$1,000, its entitlement to the Elective Scheme Consideration shall be US\$1,000; and
- (III) the entitlement of each Scheme Creditor to the Elective Scheme Consideration will be rounded up or down to the nearest integral multiple of US\$1,000. The Company shall pay a cash adjustment to each relevant Eligible Creditor as a result of any rounding down by way of transfer to the Clearing Systems cash account linked to the securities account in which the Notes to which that Eligible Creditor was entitled at the Record Time were held (as specified in its Account Holder Letter.

SCHEDULE 2 – DISPUTE RESOLUTION PROCEDURES

Except as expressly stated, any references to clauses in this Schedule 2 are references to the clauses within this Schedule2 .

1. THE ADJUDICATOR

- 1.1 There shall be one Adjudicator whose duty it will be to act as an expert, and not as an arbitrator, with respect to all matters referred to him under the terms of the Scheme. The Adjudicator will be responsible for the determination of Scheme Claims referred to him under the Scheme and will have the powers, rights, duties and functions conferred upon him by the Scheme. Except in the case of fraud, gross negligence or wilful misconduct, the Adjudicator will not be liable to the Company or any Scheme Creditor for any act or omission by the Adjudicator in the performance or purported performance of his powers, rights, duties and functions under the Scheme.
- 1.2 Upon the Scheme Effective Date, the Company shall appoint an individual who meets the criteria specified in Clause 1.6 as the Adjudicator under the Scheme.
- 1.3 The office of Adjudicator shall be vacated if the holder of such office:
- (a) dies;
 - (b) is convicted of an indictable offence;
 - (c) resigns his office (which shall be permissible and effective only if he gives at least two weeks' notice to the Company prior to such resignation);
 - (d) becomes bankrupt;
 - (e) is disqualified from membership of a professional body of which he is a member;
 - (f) is disqualified from acting as a company director by any court of competent jurisdiction;
 - (g) becomes mentally disordered; or
 - (h) has a conflict of interest.
- 1.4 In the event of a vacancy in the office of the Adjudicator, the Company shall appoint a suitably qualified replacement who also meets the criteria specified in Clause 1.6.
- 1.5 The Adjudicator shall have the powers, duties and functions, and the rights, conferred upon him by the Scheme. In exercising his powers and carrying out his duties and functions under the Scheme, the Adjudicator shall act in good faith and with due care and diligence in the interests of the Scheme Creditors as a whole, and shall exercise his powers under the Scheme for the purposes of ensuring that the Scheme is implemented in compliance with its terms.
- 1.6 Each Adjudicator shall be a Hong Kong Senior Counsel, United Kingdom King's Counsel or BVI barrister with not less than 10 years' experience in restructuring and insolvency matters, who shall be independent and impartial from the Company and have no conflict of interest in respect of the Disputed Claim but who the Company may, in its absolute discretion, select to act as Adjudicator.

2. DISPUTE RESOLUTION PROCEDURE

- 2.1 If a Scheme Creditor disputes the Company's determination of its Scheme Claim and no agreement in respect of that dispute can be reached between the Company and the Scheme Creditor by the date falling five Business Days from the date on which the Scheme Claims Determination Notice is deemed to be received (in accordance with clause 28 of the Scheme) by that Scheme Creditor (the "**Disputed Scheme Claim Resolution Deadline**"), the Scheme Creditor shall be entitled within 21 calendar days of the Disputed Scheme Claim Resolution Deadline to apply in writing to the Adjudicator to review its Disputed Scheme Claim.
- 2.2 No application to the Adjudicator shall be considered or determined unless the relevant Scheme Creditor or Person who purports to be a Scheme Creditor confirms in its application to the Adjudicator that: (a) the determination by the Company is being disputed by the Scheme Creditor or such Person in good faith; and (b) it shall deliver such documents and perform such acts promptly and without undue delay as may reasonably be requested by the Adjudicator for the purpose of enabling him to make a determination of the Scheme Creditor's application made in accordance with Clause 2.1 and this Clause 2.2.
- 2.3 Failure to apply to the Adjudicator within the 21 calendar days period set out in Clause 2.1 and/or make the confirmation set out in Clause 2.2 shall be deemed to be an irrevocable acceptance by the Scheme Creditor of the Company's decision in respect of its Scheme Claim and any right to further challenge the finding of the Company in respect of such Scheme Claim shall be waived, in each case, as at the end of the 21 calendar days period.
- 2.4 The Adjudicator shall review the Scheme Creditor's application made in accordance with Clauses 2.1 and 2.2 including its Disputed Scheme Claim and relevant evidence before him (and any additional evidence as he may request and receive from the relevant Scheme Creditor, the Company and any factual and/or expert witnesses) in relation to the Disputed Scheme Claim and determine, on the balance of probabilities, whether all or part of that Disputed Scheme Claim would be admissible as a proof in the Company's winding up in BVI and the quantum of such admissible proof and therefore should be Accepted. This determination by the Adjudicator will be made on the basis that all of the Noteholders are contingent creditors of the Company by virtue of their being Noteholders, and the Noteholders shall not be required to prove their standing as contingent creditors in relation to their Scheme Claim but the amount of their Scheme Claim shall be subject to Adjudication. The Adjudicator shall in accordance with Clause 2.6 notify the Company and the relevant Scheme Creditor in writing of his decision and such decision will be final and binding on the Company and the relevant Scheme Creditor, insofar as the law allows. The Company and the relevant Scheme Creditor shall honour the Adjudicator's decision which may be enforced by the BVI Court.
- 2.5 The Adjudicator shall have discretion to extend such timeframes and/or adopt procedures (including, without limitation, requesting written submissions and further evidence from the parties, requesting oral hearings and/or the provision of expert evidence) relevant to the nature of the Disputed Scheme Claim being considered so as to provide a fair, efficient and expeditious means for the final resolution of the Disputed Scheme Claim. Specifically, the Adjudicator may, in his sole discretion and as the Adjudicator considers appropriate:
- (a) provide additional directions to the relevant Scheme Creditor and/or the Company to submit written submissions and further evidence;
 - (b) establish the conduct of any oral hearing provided each of the relevant Scheme Creditor and the Company is given reasonable notice in writing of any such event;

- (c) appoint one or more experts (who shall be and remain impartial and independent of the Company and the relevant Scheme Creditor) to report in writing to him on specific issues relating to the Disputed Scheme Claim, as identified by the Adjudicator; and/or
 - (d) extend the timetable set out in Clause 2.6.
- 2.6 Without prejudice to Clause 2.5, if a Disputed Scheme Claim is referred to the Adjudicator by a Scheme Creditor in accordance with Clauses 2.1 and 2.2, the following timetable shall apply:
 - (a) within 14 calendar days of receiving a Scheme Creditor's application made in accordance with Clauses 2.1 and 2.2, the Adjudicator may call upon the Company and/or the relevant Scheme Creditor to produce any further documents or other information which he deems necessary;
 - (b) if such documentation or other information is not received within 14 calendar days of the date upon which the Adjudicator makes the request, the Adjudicator shall, subject to Clause 2.6(c), make his determination on the basis of the documents received from the Company and/or the relevant Scheme Creditor, as applicable, by such time;
 - (c) within 14 calendar days of: (i) such documentation being provided by the Company and/or the Scheme Creditor, as applicable; or (ii) the expiry of the period provided for in Clause 2.6(b); the Adjudicator shall provide the Company and the Scheme Creditor with a copy of his written decision and thereafter the amount Accepted by the Adjudicator in respect of the Disputed Scheme Claim shall be binding on the Company and the Scheme Creditor, and (to the fullest extent permitted by applicable law) there shall be no right of challenge or appeal from the decision of the Adjudicator; and
 - (d) if the Adjudicator does not require further information he shall, within 14 calendar days of receiving notification of the Disputed Scheme Claim, provide the Company and the Scheme Creditor with a copy of his written decision and thereafter the amount Accepted by the Adjudicator in respect of the Disputed Scheme Claim shall be binding on them Company and the Scheme Creditor and (to the fullest extent permitted by applicable law) there shall be no right of challenge or appeal from the decision of the Adjudicator.
- 2.7 On the making of a decision by the Adjudicator, the Scheme Creditor's Account Holder Letter shall be deemed to have been varied in accordance with the Adjudicator's decision and as fully, correctly and irreversibly setting out that Scheme Creditor's Scheme Claim.
- 2.8 Communication between the Adjudicator, the Company and the relevant Scheme Creditors shall be conducted by electronic mail (other than in circumstances where the Adjudicator determines that oral submissions are necessary).
- 2.9 If a Scheme Claim is:
 - (a) Accepted by the Adjudicator in its entirety, the Company shall bear all of the costs of the adjudication (including the legal and other expenses incurred in relation to the adjudication by the relevant Scheme Creditor, and the costs and expenses incurred by the Adjudicator and any expert appointed by the Adjudicator in accordance with Clause 2.5(c));
 - (b) rejected by the Adjudicator in its entirety, the Scheme Creditor shall bear all of the costs of the adjudication (including the legal and other expenses incurred in relation

to the adjudication by the Company, and the costs and expenses incurred by the Adjudicator and any expert appointed by the Adjudicator in accordance with Clause 2.5(c)); or

- (c) Accepted or rejected by the Adjudicator in part, the question of who shall bear the costs of the adjudication (including the legal and other expenses incurred in relation to the adjudication by the Company and the relevant Scheme Creditor, and the costs and expenses incurred by the Adjudicator and any expert appointed by the Adjudicator in accordance with Clause 2.5(c)) shall be determined by the Adjudicator.

2.10 Notwithstanding any other provision of this Scheme, in the event that any Disputed Scheme Claim has not been resolved by the Adjudicator prior to the Bar Time, no Scheme Consideration shall be distributed in respect of such Disputed Scheme Claim unless the Adjudicator subsequently determines that such Disputed Scheme Claim should be Accepted (in part or in whole) by the Company. In the event of such determination:

- (a) the relevant Scheme Creditor whose Disputed Scheme Claim has been Accepted (in part or in whole) by the Company under the Adjudication Procedure shall be entitled to:
 - (i) receive the Elective Scheme Consideration to which such Scheme Creditor is entitled, determined in accordance with the elections made in its Election Form and Schedule 1 (*Entitlements to the Elective Scheme Consideration*); and
 - (ii) the Scheme Consideration to which that Scheme Creditor is entitled shall be distributed to such Scheme Creditor within one (1) calendar month of such determination by way of transfer to the Clearing System account in which such creditor held its interest in the Notes (as indicated in its Account Holder Letter); and
- (b) if the Scheme Creditor in respect of such Disputed Scheme Claim fails to submit a duly completed Distribution Confirmation Deed and, if applicable, Designated Recipient Form prior to the Bar Time, any right that such Scheme Creditor may have in the Elective Scheme Consideration shall be extinguished irrevocably at and from the Bar Time.

2.11 Notwithstanding any other provision of this Scheme, for the avoidance of doubt, the Company is not required to postpone the Restructuring Effective Date in the event that any Disputed Scheme Claim has not been determined by the Adjudicator prior to that time or the Scheme Effective Date.

2.12 The Company shall promptly distribute any residual Instruction Fee that remains after all Scheme Claims have been adjudicated or otherwise determined under the Scheme to all Scheme Creditors pursuant to the Scheme.

DATED [●] 2024

BY

THE SCHEME CREDITORS

IN FAVOUR OF

THE RELEASED PERSONS

DEED OF RELEASE

THIS DEED OF RELEASE is dated [●] 2024 and is made by:

THE SCHEME CREDITORS under and as defined in the Scheme (as defined below) (the "**Scheme Creditors**"), acting by Knight Castle Investments Limited 爵堡投資有限公司 (the "**Company**") appointed by each of the Scheme Creditors as their attorney and agent pursuant to the terms of the Scheme,

in favour of:

THE RELEASED PERSONS (as defined in the Scheme).

WHEREAS:

- (A) A scheme of arrangement was proposed in respect of the Company under section 179A of the BVI Business Companies Act 2004 (the "**Scheme**").
- (B) Pursuant to and on the terms of the Scheme, the Scheme Claims, the Ancillary Claims and certain other Claims of the Scheme Creditors are being released as set out more fully in the Scheme and this Deed.
- (C) Under the authority conferred by the Scheme, which has been approved by orders of the BVI High Court of Justice of the Eastern Caribbean Supreme Court, the Company has been authorised under clause 9 (*Instructions, Authorisations and Directions*) of the Scheme and instructed to execute and deliver this Deed on behalf of the Scheme Creditors in order to facilitate the transactions contemplated by the Scheme.
- (D) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document by hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

Terms defined in the Scheme shall, unless otherwise defined in this Deed or unless a contrary intention appears, bear the same meaning when used in this Deed.

1.2 Construction

In this Deed, save where the context otherwise requires or otherwise expressly provided:

- (a) the singular shall include the plural and *vice versa*;
- (b) the headings to the recitals, clauses and sub-clauses are for ease of reference only and shall not affect the interpretation of this Deed;
- (c) a reference to a provision of law shall be deemed to be a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

- (d) a reference to a Clause or a Subclause is a reference to a clause or subclause of this Deed;
- (e) a reference to any document is a reference to that document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto; and
- (f) a reference to a person includes any individual, company, corporation, unincorporated association, trust or body (including a partnership, company, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality.

2. RELEASES, WAIVERS AND UNDERTAKINGS

2.1 With immediate effect on and from the Restructuring Effective Date and conditional upon the obligations of the Company under paragraphs (a) to (g) (inclusive) of clause 7.2 of the Scheme being fully discharged and each Scheme Creditor having received its entitlement to the Scheme Consideration in full (in each case, in accordance with the terms of the Scheme), each Scheme Creditor in each case on behalf of itself and its respective successors, assignees and representatives and in consideration for its entitlement to receive the Scheme Consideration in accordance with the Scheme, conclusively, irrevocably, unconditionally, fully and absolutely:

- (a) waives, discharges and releases the Released Persons and the Notes Trustee from their respective obligations and liabilities (actual, contingent, present and future) under or in connection with the Note Documents other than any Excluded Liability;
- (b) (save for any Excluded Liability) waives, discharges and releases all of its rights, title and interest in and to its Scheme Claims and its Ancillary Claims in consideration for its entitlement to receive the Scheme Consideration, the Instruction Fee (if applicable) and the Work Fee (if applicable) in accordance with the Scheme;
- (c) (save for any Excluded Liability) waives, discharges and releases any right or remedy it may have under or otherwise related to the Note Documents, the RSA and/or otherwise against any Released Person and/or the Notes Trustee in relation to any breaches or defaults under the Note Documents, the RSA or other actions occurring on or before the Restructuring Effective Date or that may occur as a result of or in connection with the implementation of the Scheme and/or the Restructuring;
- (d) ratifies and confirms everything which any Released Person may lawfully do or cause to be done in accordance with any authority conferred by the Scheme and agrees not to challenge:
 - (i) the validity of any act done or omitted to be done as permitted by the terms of the Scheme; or

- (ii) the exercise or omission to exercise of any power conferred in accordance with the provisions of the Scheme;

in each case, other than any act or omission done or made as a result of gross negligence, wilful default, wilful misconduct or fraud on the part of any Released Person;

- (e) (save for any Excluded Liability) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against any Released Person and the Notes Trustee;
- (f) (save for any Excluded Liability) waives, releases and discharges each and every Released Claim which it ever had, may have or hereafter can, shall or may have against the Advisers and their respective Personnel and Affiliates and the Notes Trustee;
- (g) (save for any Excluded Liability) any Claim it ever had, may have or hereafter can, shall or may have, whether in this jurisdiction or any other or under any law, of whatsoever nature and howsoever, against any Third Party Released Person in connection with the preparation, negotiation, sanction or implementation of the Scheme and the Restructuring Documents;
- (h) waives, releases and discharges any Claim which it ever had, may have or hereafter can, shall or may have against each Noteholder Committee Member, its successors and assigns, and their respective advisers, Personnel and Affiliates and
- (i) undertakes to the Released Persons that it will not, and shall use all reasonable endeavours to procure that its Scheme Creditor Parties will not, commence or continue, or instruct, direct or authorise any other Person to commence or continue, any Proceedings in respect of or arising from any Released Claim.

2.2 The releases, waivers and undertakings under this Clause 2 shall:

- (a) not prejudice or impair any rights of any Scheme Creditor or have the effect of waiving, releasing or discharging any Liability of a Released Person:
 - (i) arising or otherwise created under the Scheme;
 - (ii) arising from or in connection with any breach of any term of any Restructuring Document or any actual or purported rescission or repudiation of a Restructuring Document;
- (b) apply to any right to commence and/or continue and/or instruct any other person to commence or continue any (i) Allowed Proceeding; and/or (ii) any Proceeding to enforce its rights under or in relation to the Restructuring Documents;
- (c) not prejudice or impair any Claims or causes of action of any Scheme Creditor arising from or relating to the negligence, breach of fiduciary duty, fraud, dishonesty, wilful default or wilful misconduct of any party which is seeking to rely on such releases, waivers or undertakings;

- (d) not require a Scheme Creditor to procure any undertaking or acknowledgement from, or action by any entity from which such Scheme Creditor acquired its rights in respect of any Scheme Claim and/or to whom such Scheme Creditor has transferred or transfers its rights in respect of any Scheme Claim; and
- (e) not extend to any Liability of any Adviser arising under a duty of care to its client.

3. FURTHER ASSURANCE

- 3.1** At the reasonable request and cost of any Released Person, the Scheme Creditors shall, and shall use reasonable endeavours to procure that their respective Scheme Creditor Parties shall, execute and deliver such documents, and do such things, as may reasonably be required to give full effect to this Deed, including without limitation, to perfect or evidence any release, waiver or discharge referred to in this Deed.
- 3.2** In addition, where Clause 3.1 requires a Scheme Creditor to take any action at the cost of any Released Person the relevant Scheme Creditor shall not be required to take such action unless that Scheme Creditor is prefunded by the Released Person (on demand by that Scheme Creditor) in an amount that reflects that Scheme Creditor's reasonable estimate of the out-of-pocket costs likely to be incurred by that Scheme Creditor in undertaking the relevant action. The Scheme Creditor shall refund to the relevant Released Person any part of the prefunding that it does not actually expend in undertaking the relevant action.

4. SEVERABILITY

If any provision or part-provision of this Deed remains invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision shall not affect the validity and enforceability of the rest of this Deed.

5. THIRD PARTIES

- 5.1** Each Released Person and any of its respective current, future and former direct and indirect Affiliates, equity holders, members, managing members, officers, directors, partners, employees, advisers, principals, attorneys, professional advisers, accountants, investment bankers, consultants, agents, and representatives (including their Affiliates) may rely on this Deed and enforce any of its terms as if it were a party to this Deed.
- 5.2** Subject to Clause 5.1, a person who is not a party to this Deed has no rights under this Deed to enforce and enjoy the benefit of any terms of this Deed.
- 5.3** Notwithstanding any term of this Deed, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.

6. AMENDMENT AND WAIVERS

- 6.1** No variation of this Deed shall be effective unless such variation is in accordance with clause 24 of the Scheme.

7. GOVERNING LAW AND JURISDICTION

- 7.1** This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of the state of New York.
- 7.2** Any New York state or United States federal court located in the Borough of Manhattan, The City of New York shall have non-exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of or in connection with this Deed and, for such purposes, each of the parties irrevocably submits to the jurisdiction of any New York state or United States federal court located in the Borough of Manhattan, The City of New York.

EXECUTION PAGES

IN WITNESS whereof this Deed has been executed as a deed and is intended to be and is hereby delivered on the date above first written.

SCHEME CREDITORS

EXECUTED as a **DEED** by)
THE SCHEME CREDITORS)
acting by)
KNIGHT CASTLE INVESTMENTS LIMITED)
appointed by each of them as their attorney)
and agent pursuant to terms of the Scheme)

Authorised Signatory

In the presence of:

Name: _____

Address:

SOLICITATION PACKET

THIS SOLICITATION PACKET IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Scheme Creditors

Scheme Creditors include (for the avoidance of doubt, but without double counting in each case):

- (a) Noteholders;
- (b) the Notes Trustee;
- (c) the Depositary; and
- (d) Account Holder and Intermediaries.

Account Holders are those Persons who are direct participants in the Clearing Systems with their interests in the Notes being recorded directly in the books or other records maintained by the Clearing Systems.

For the purpose of determining entitlement to vote at the Scheme Meeting, you will be a Noteholder if you hold, or as the case may be, held an economic or beneficial interest as principal in the Notes held in global form through the Clearing Systems at the Record Time.

Purpose and Content of this Solicitation Packet

This Solicitation Packet performs the following important functions:

- first, the Company is soliciting votes from the Scheme Creditors in respect of the Scheme. This Solicitation Packet sets out instructions and guidance for voting at the Scheme Meeting; and
- second, in order to receive the New Notes and/or the Enhanced Return Notes if the Scheme becomes effective in accordance with its terms, Scheme Creditors are required to ensure that a duly completed Account Holder Letter with applicable appendices is submitted to the Information Agent, via their respective Account Holder. This Solicitation Packet includes the forms of those documents, as well as instructions and guidance for how to complete them.

Please read the Explanatory Statement and the Scheme and follow the instructions contained herein before completing the Account Holder Letter.

Unless otherwise defined herein, capitalised words and phrases used herein shall have the meaning given to them in the Explanatory Statement.

Key Dates

The key dates in respect of the Scheme are:

- **Custody Instruction Deadline:** being 4 p.m. London time on 19 July 2024, the equivalent being 11 a.m. BVI time on 19 July 2024 and 11 p.m. Hong Kong time on 19 July 2024.
- **Record Time:** being 4 p.m. London time on 23 July 2024, the equivalent being 11 a.m. BVI time on 23 July 2024 and 11 p.m. Hong Kong time on 23 July 2024.

- **Scheme Meeting:** to be held at 8:00 a.m. BVI time on 26 July 2024, the equivalent being 8:00 p.m. Hong Kong time on 26 July 2024.
- **Scheme Effective Date:** being the first date at which all of the Conditions have been satisfied, as specified in the Scheme Effective Notice.
- **Restructuring Effective Date:** being the date specified by the Company as such in a notice to Scheme Creditors and the New Notes Trustee, provided that such date falls after the date on which each of the Restructuring Conditions has been satisfied.
- **Holding Period:** means the period from the Restructuring Effective Date up to the date falling 6 months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).
- **Holding Period Expiry Date:** means the last day of the Holding Period.
- **Bar Time:** being 10 a.m. BVI time, the equivalent being 10 p.m. Hong Kong time, on the date falling 3 Business Days before the Holding Period Expiry Date.

Voting at the Scheme Meeting

In order to be entitled to vote at the Scheme Meeting:

- please ensure that the Notes are blocked in the relevant Clearing System via a Custody Instruction prior to the **Custody Instruction Deadline**;
- please ensure that the Account Holder Letter is duly completed, executed and submitted in accordance with the instructions set out therein so that it is submitted and received online via the Transaction Website at <https://www.dfkingltd.com/sanxing/> to the Information Agent by the **Record Time**;
- please note that each Noteholder need only to submit (or have submitted on its behalf) one Account Holder Letter. Scheme Creditors should allow sufficient time for their Account Holder to give instructions to the Clearing Systems, in accordance with the procedures established between them, to ensure that a duly completed Account Holder Letter is submitted to and received by the Information Agent by the Record Time; and
- please note that pursuant to the terms of the Scheme, each Consenting Creditor must vote, or cause to be voted, its Eligible Restricted Notes at the Scheme Meeting in order to be eligible to receive the Instruction Fee.

Entitlement to receive the Instruction Fee

If you are a Scheme Creditor who is entitled to receive an Instruction Fee under the terms of the Scheme, then you must vote at the Scheme Meeting by following the instructions set out herein prior to the **Record Time**. Failure to submit Part 1, Part 2 and Part 3 of the Account Holder Letter to the Information Agent prior to the Record Time, shall invalidate your entitlement to the Instruction Fee.

IMPORTANT NOTICE: IF THE RESTRUCTURING DOES BECOME EFFECTIVE, IT IS EXPECTED THAT ONLY SCHEME CREDITORS AS OF THE RECORD TIME WILL BE ALLOWED TO CLAIM ENTITLEMENT TO THE SCHEME CONSIDERATION. AS SUCH, FOR ALL TRADES SETTLING AFTER THE RECORD TIME BUT PRIOR TO THE RESTRUCTURING EFFECTIVE DATE, PERSONS ACQUIRING INTERESTS IN THE NOTES WILL NEED TO MAKE ARRANGEMENTS WITH THE SCHEME CREDITORS AS

OF THE RECORD TIME IN ORDER TO OBTAIN ANY ENTITLEMENT TO THE SCHEME CONSIDERATION.

Entitlement to receive the New Notes and/or the Enhanced Return Notes

On the Restructuring Effective Date, Eligible Creditors at the Record Time will be entitled to receive New Notes and/or the Enhanced Return Notes.

If you are a Scheme Creditor who cannot make the securities law confirmations and/or give the undertakings set out in Annex B to the Distribution Confirmation Deed, you may designate a Designated Recipient who can make the securities law confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed in order to receive your entitlement to the Scheme Consideration by submission of a Designated Recipient Form in accordance with the terms of the Scheme and the instructions contained herein.

Any Scheme Creditor who either (a) fails to submit the required documents to the Information Agent by the **Record Time** or (b) cannot make the securities law confirmations and/or give the undertakings set out in Annex B to the Distribution Confirmation Deed **and** has not designated a Designated Recipient who can make the securities law confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed will not receive its entitlement to the Scheme Consideration on the Restructuring Effective Date and will be regarded as an Ineligible Creditor.

A Scheme Creditor who fails to submit the required documents by the Record Time should read and follow instructions set out in the Holding Period Trust Deed for submission of the required documentation by the Bar Time. **An Ineligible Creditor will be entitled make any nominations as to the constitution of its Scheme Consideration. Any Ineligible Creditor who fails to make an election pursuant to Part 3, section 2 of the Account Holder Letter will be deemed to have elected to receive its entitlement to the Scheme Consideration in the form of New Notes. The Scheme Consideration to which an Ineligible Creditor would otherwise have been entitled on the Restructuring Effective Date will become Trust Assets and be held subject to the terms of the Holding Period Trust Deed.**

FOR ASSISTANCE CONTACT THE INFORMATION AGENT:

D.F. King Ltd

Telephone: in London, +44 20 3885 1837; and in Hong Kong, +852 5803 3889

Email: sanxing@dfkingltd.com

Transaction Website: <https://www.dfkingltd.com/sanxing/>

ACTIONS TO BE TAKEN – DOCUMENTS AND DEADLINES¹

Summary Table for Scheme Creditors

Action	Documents / Custody Instructions to submit	Deadline
To vote at the Scheme Meeting <i>(please also see below action to receive New Notes and the Enhanced Return Notes)</i>	Custody Instruction	<u>Custody Instruction Deadline and prior to submission of the Account Holder Letter</u> (Check relevant deadlines with your custodian and/or Clearing System)
	Part 1, Part 2 and Part 3 of the Account Holder Letter (to include Custody Instruction Reference Number and for Consenting Creditors to be eligible to receive the Instruction Fee)	<u>Record Time</u>
To receive the New Notes and/or the Enhanced Return Notes on the Restructuring Effective Date <i>(see above if also wishing to vote at the Scheme Meeting)</i>	Custody Instruction	<u>Custody Instruction Deadline and prior to submission of the Account Holder Letter</u> (Check relevant deadlines with your custodian and/or Clearing System)
	- Part 1 and Part 3 of the Account Holder Letter - Distribution Confirmation Deed - Designated Recipient Form (for a Scheme Creditor who is unable to make the securities law confirmations and/or give the undertakings set out in Annex B to the Distribution Confirmation Deed and wishes to appoint a Designated Recipient who can make the securities law	<u>Record Time</u>

¹ A Scheme Creditor who fails to meet these deadlines but would like to claim its entitlement to the New Notes during the Holding Period should read and follow the instructions set out in the Holding Period Trust Deed for submission of the required documentation by the Bar Time.

	confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed to receive its entitlement to the Scheme Consideration)	

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1. GENERAL GUIDANCE

1.1 Introduction

- (a) These instructions have been prepared to assist the Scheme Creditors and Account Holders in completing the Account Holder Letter located at Schedule 1 and the documents enclosed therewith.
- (b) Each Account Holder Letter encloses the following documents:
 - (i) The Designated Recipient Form, being a form that an Account Holder on behalf of a Scheme Creditor may complete in order to appoint a Designated Recipient to be the recipient of the New Notes and/or the Enhanced Return Notes that would otherwise be issued to such Scheme Creditor. The Designated Recipient Form is located at Appendix 1 to the Account Holder Letter.
 - (ii) The Distribution Confirmation Deed, being a deed that a Noteholder or an Account Holder on behalf of a Noteholder (or its Designated Recipient) must complete in order to confirm (amongst other things) that such Noteholder (or its Designated Recipient) may lawfully be issued with the New Notes and/or the Enhanced Return Notes. The Distribution Confirmation Deed is located at Appendix 2 to the Account Holder Letter.
- (c) Citicorp International Limited, in its capacity as Notes Trustee has been ordered by the BVI Court not to, and accordingly will not, vote in respect of the Notes at the Scheme Meeting.
- (d) Citivic Nominees Limited, in its capacity as nominee of the Depositary and as registered holder of the Ntes, has been ordered by the BVI Court not to, and accordingly will not, vote in respect of the Notes at the Scheme Meeting.
- (e) The Information Agent has been appointed to facilitate communications with Scheme Creditors concerning the Scheme. The Information Agent's remuneration and expenses, and all costs incurred by it on behalf of the Company, shall be satisfied in accordance with the agreed terms of engagement with the Company.

1.2 Voting at the Scheme Meeting

- (a) Before the Scheme can become effective and binding on the Company and the Scheme Creditors, a simple majority in number of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy representing at least 75% in value of the aggregate Scheme Claims of the Scheme Creditors present and voting at the Scheme Meeting either in person or by proxy must vote to approve the Scheme.
- (b) A Scheme Creditor will be entitled to vote at the Scheme Meeting provided it has submitted (or it has had submitted on its behalf) a validly completed Account Holder Letter in accordance with the instructions contained herein by the Record Time. A Custody Instruction must also have been submitted in respect of the Scheme Creditors' Notes by the Custody Instruction Deadline (see paragraph 3.2 hereof for further details).
- (c) The Scheme Meeting has been ordered by the BVI Court to be held at the offices of Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands with a live video conference linked to the offices of Ogier at 11/F Central Tower, 28 Queen's Road Central, Hong Kong, with any adjournment as may be

appropriate, at 8:00 a.m. BVI time on 26 July 2024, the equivalent time being 8:00 p.m. Hong Kong time on 26 July 2024.

- (d) The Chairpersons of the Scheme Meeting shall be Mr Nicholas Brookes, a partner of Ogier of Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (or such other person(s) of Ogier as appropriate) and Mr Justin Davis of Ogier of 11/F Central Tower, 28 Queen's Road Central, Hong Kong (or such other person(s) of Ogier as appropriate). The Chairpersons may act jointly or severally. Formal notice of the Scheme Meeting is set out in Appendix 10 (*Notice of the Scheme Meeting*) of the Explanatory Statement.
- (e) The dates referred to in paragraph 1.2(c) above assume that the Scheme Meeting will not be adjourned or delayed.

1.3 Process and deadline for voting at the Scheme Meeting

- (a) Voting on the Scheme will take place at the Scheme Meeting by Scheme Creditors appearing in person, by a duly authorised representative or by proxy as explained in more detail in paragraph 2 below.
- (b) For voting purposes, a Scheme Creditor must ensure that its Account Holder Letter is submitted via the Transaction Website so that it is received by the Information Agent by the **Record Time**. Each Scheme Creditor must submit its voting instructions to its Account Holder sufficiently in advance of the Record Time to enable its Account Holder to complete and return the Account Holder Letter to the Information Agent by the Record Time.
- (c) The Company reserves the right to terminate or amend this Solicitation Packet at any time prior to the Record Time. The Company also reserves the right to change the Record Time to a later time or date. Any such extension will be followed as promptly as practicable by notice thereof. If the Company extends the Record Time, it also reserves the right to establish a later Custody Instruction Deadline.
- (d) Subject to paragraph 1.3(e) below, the failure of a Scheme Creditor to:
 - (i) submit (or if applicable, procure that its Account Holder submits) a validly completed Account Holder Letter by the Record Time; and/or
 - (ii) block (or procure that its Account Holder blocks) its Notes in the relevant Clearing System before the Custody Instruction Deadline;

will mean that the voting instructions, votes and elections contained in any Account Holder Letter submitted to and received via the Transaction Website by the Information Agent from or on behalf of that Scheme Creditor will, subject to the Chairpersons' discretion, be disregarded for the purposes of voting at the Scheme Meeting and the relevant Scheme Creditor will not be entitled to vote on the Scheme at the Scheme Meeting.

- (e) Notwithstanding any other provisions of the Explanatory Statement, the Chairpersons of the Scheme Meeting will be entitled, at the sole discretion of the Chairpersons, to permit a Scheme Creditor in respect of which a completed Account Holder Letter has not been delivered prior to the Record Time to vote at the Scheme Meeting if the Chairpersons consider that the relevant Scheme Creditor has produced sufficient proof that it is in fact a Scheme Creditor and entitled to vote.

1.4 Assessment of Scheme Claims for voting purposes

- (a) The Information Agent shall determine the number of votes to be assigned to a Scheme Creditor for the purposes of voting at the relevant Scheme Meetings (without double-counting, and without permitting duplicative claims or portions of claims against the Company other than for US\$1) as follows: a value equal to the sum of (i) the outstanding principal amount of the Notes held by a Scheme Creditor held an economic or beneficial interest as principal at the Record Time, and (ii) all accrued and unpaid interest relating to such Notes up to (but excluding) the Record Time.
- (b) The Information Agent shall verify the principal amount of the Notes specified by each Noteholder in its duly submitted Account Holder Letter against the information provided by the Clearing System through which that Noteholder (or its Account Holder acting on its behalf) holds (or, as applicable, held) its interest in the Notes at the Record Time. Any such determination shall (in the absence of manifest error, wilful default, wilful misconduct or fraud) be conclusive and binding on the Scheme Creditors and the Company.
- (c) Every Noteholder whose vote is validly cast in person or by its authorised representative (if a corporation) or by proxy at the Scheme Meeting shall have one (1) vote for (i) every US\$1 of outstanding principal amount of the Notes in which it holds an economic or beneficial interest as principal as at the Record Time (without double counting), and (ii) every accrued and unpaid interest relating to such Notes up to (but excluding) the Record Time.
- (d) Only those persons who are Noteholders as at the Record Time are entitled to attend and vote, either in person or, if a corporation, by a duly authorised representative or by proxy at the Scheme Meeting.
- (e) The Chairpersons shall have absolute discretion (in the absences of manifest error, wilful default, wilful misconduct or fraud) to permit any Scheme Creditor to vote at the Scheme Meeting, notwithstanding that the Account Holder Letter had not been validly completed in accordance with the instructions set out in Appendix 6 (*Solicitation Packet*) to the Explanatory Statement or has been submitted to the Information Agent after the Record Time, provided that the Chairpersons consider that the information contained therein is sufficient to establish the right of the Scheme Creditor to vote at the Scheme Meeting.
- (f) The Chairpersons of the Scheme Meeting will collate the votes from each Scheme Creditor and will add the votes during the Scheme Meeting. The Chairpersons will be responsible for counting the votes. One of the Chairpersons shall then report to the Scheme Creditors as to whether the Scheme has been approved.
- (g) Subject to any inherent jurisdiction of the BVI Court, the decision of the Chairpersons of the Scheme Meeting as to the admission of votes at that meeting shall be final and binding to the fullest extent permitted by law for the purposes of, and in relation to the proceedings at, the Scheme Meeting.
- (h) The admission and valuation of any Scheme Claim for voting purposes does not (in itself) constitute an admission of the existence or value of the Scheme Claim and will not bind the Company for any purpose other than voting at the Scheme Meeting.

1.5 Sales, assignments or transfers

Neither the Company nor the Information Agent shall be under any obligation to recognise any sale, assignment or transfer of any Scheme Claim after the Record Time for the purposes of determining entitlement to attend and vote at the Scheme Meeting, provided that the Company or its Information Agent may (in its sole discretion and subject to the production of such other evidence as it may reasonably require) recognise such sale, assignment or transfer for the purposes of determining entitlements to the Scheme Consideration. A transferee of Scheme Claims after the Record Time will, however, be bound by the terms of this Scheme in the event that it becomes effective.

2. VOTING INSTRUCTIONS

2.1 General

- (a) Each Scheme Creditor must (or, in the case of a Noteholder, procure that its Account Holder does):
 - (i) ensure a Custody Instruction is submitted on their behalf via the Clearing Systems prior to the Custody Instruction Deadline;
 - (ii) validly complete and submit the relevant parts of the Account Holder Letter in accordance with these instructions and the instructions contained therein;
 - (iii) indicate its decision to either vote for or against the Scheme;
 - (iv) indicate its selection of New Notes and Enhanced Return Notes as part of its Scheme Consideration prior to the Record Time; and
 - (v) sign and return the Account Holder Letter to the Information Agent in accordance with the instructions contained in this Solicitation Packet and the relevant Account Holder Letter.
- (b) Each Scheme Creditor who is not an Account Holder shall submit its voting instructions through its Account Holder. Each Scheme Creditor who is not an Account Holder should procure that its Account Holder submits an Account Holder Letter to the Information Agent allowing sufficient time for the Account Holder to complete the relevant parts of the Account Holder Letter, and submit the Account Holder Letter to the Information Agent so that it is actually received by the Record Time.
- (c) It will be the responsibility of Account Holders, who are not Scheme Creditors, to obtain from the Scheme Creditor (through any Intermediaries, if applicable) on whose behalf they are acting, in accordance with the procedures established between them, whatever information or instructions they may require to identify in an Account Holder Letter (including, for the avoidance of doubt, the Designated Recipient Form, if applicable, and the Distribution Confirmation Deed) the name of the relevant Scheme Creditor and to provide the information, instructions and confirmations required by the Account Holder Letter. Unless due to wilful misconduct or fraud, the Information Agent will not be responsible for any loss or liability incurred by a Scheme Creditor as a result of any determination by the Information Agent that an Account Holder Letter contains an error or is incomplete, even if this is subsequently shown not to have been the case.
- (d) If a person is in any doubt as to whether or not it is a Scheme Creditor or an Account Holder, such person should contact the Information Agent using the contact details set out in this Solicitation Packet.

2.2 Completion of an Account Holder Letter by a Scheme Creditor

Elections relating to Scheme Meeting

- (a) In summary, each Scheme Creditor may decide, among other things:
 - (i) to instruct the Chairpersons as its proxy to cast a vote on behalf of such Scheme Creditor at the Scheme Meeting in accordance with the wishes of such Scheme Creditor; or

- (ii) to appoint someone else as its proxy to attend the Scheme Meeting and cast a vote in accordance with the wishes of such Scheme Creditor; or
- (iii) to attend and vote at the Scheme Meeting in person or, if a corporation, by a duly authorised representative;

in each case, by ensuring that such election is recorded in the Account Holder Letter submitted by it or on its behalf and that Part 2 (*Voting and Appointment of Proxy*) of the Account Holder Letter is completed.

- (b) Each Scheme Creditor is recommended to appoint a proxy (either the Chairpersons or someone of its choice who would be willing to attend the Scheme Meeting) in any event, even if that Scheme Creditor intends to attend and vote in person or, if a corporation, by a duly authorised representative, in case such Scheme Creditor is unable to do so for some reason. A Scheme Creditor who appoints a proxy will still be entitled to attend and vote at the Scheme Meeting in person or, if a corporation, by a duly authorised representative, but the proxy previously appointed will no longer be entitled to vote under that appointment.

Instructions to be included

- (c) Each Scheme Creditor should ensure that the following is included in the Account Holder Letter submitted by it or on its behalf:
 - (i) its identity and other information in Section 1 of Part 1 of the Account Holder Letter;
 - (ii) the Account Holder's information and details of the Notes which are the subject of the Account Holder Letter, including the ISIN code, the principal amount of the Notes subject to the Account Holder Letter, the Clearing System participant account number of the Account Holder and, in respect of the relevant Custody Instruction, the relevant Custody Instruction Reference Number in Sections 2 and 3 of Part 1 of the Account Holder Letter;
 - (iii) its voting instructions with respect to the Scheme in Part 2 of the Account Holder Letter;
 - (iv) its selection of New Notes and Enhanced Return Notes in Part 3 of the Account Holder Letter;
 - (v) if applicable, the appointment of a Designated Recipient in Appendix 1 of the Account Holder Letter; and
 - (vi) in order to receive the New Notes and/or the Enhanced Return Notes, a completed and signed (by the Eligible Creditor or the Account Holder on behalf of the Eligible Creditor or, if applicable, a Designated Recipient) Distribution Confirmation Deed in Appendix 2 of the Account Holder Letter.
- (d) Each Scheme Creditor that submits, delivers or procures the delivery of an Account Holder Letter shall be deemed to make the representations, warranties and undertakings to the Company and the Information Agent set forth in the Account Holder Letter.

2.3 Submission of an Account Holder Letter

- (a) The Solicitation Packet (including the Account Holder Letter), the Explanatory Statement, the Scheme and related materials are available for inspection on the Transaction Website (<https://www.dfkingltd.com/sanxing/>) by Scheme Creditors.
- (b) Before any part of the Account Holder Letter is completed, all Scheme Creditors are strongly advised to read the Explanatory Statement and the Scheme and Solicitation Packet set out at Appendix 4 (*The Scheme*) and Appendix 6 (*Solicitation Packet*), respectively, of the Explanatory Statement. The Explanatory Statement and all relevant associated documentation can be found at the Transaction Website at <https://www.dfkingltd.com/sanxing/>. After the Scheme Creditors return their voting instructions to the Account Holder, the Account Holder must ensure the Account Holder Letter is fully completed and submitted to the Information Agent via the Transaction Website.
- (c) All Account Holder Letters should be submitted by Account Holders as soon as possible to the Information Agent via the Transaction Website and in any event by the Record Time. Any Account Holder Letter submitted and received via the Transaction Website to the Information Agent after the Record Time will be disregarded for voting purposes and the applicable Scheme Creditor shall not be entitled to vote at the Scheme Meeting, except as may be permitted by the Chairpersons in their sole discretion.

2.4 Attending the Scheme Meeting

- (a) The Scheme Meeting will take place at the time and place described in paragraph 1.2(c) above.
- (b) A Scheme Creditor, its duly authorised representative (if a corporation), or its proxy may attend and vote at the Scheme Meeting by attending in person the offices of Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands or via video conference in Hong Kong at the offices of Ogier at 11/F Central Tower, 28 Queen's Road Central, Hong Kong (subject to any changes in arrangements relating to the Scheme Meeting shall be communicated to Scheme Creditors in advance of the Scheme Meeting on the Transaction Website).
- (c) A Scheme Creditor, its duly authorised representative, or its proxy who wishes to attend and vote at the Scheme Meeting in person are required to register its attendance at the Scheme Meeting not later than one hour prior to the scheduled start time of the Scheme Meeting.
- (d) A Scheme Creditor, its duly authorised representative, or its proxy who wishes to attend (but not vote) at the Scheme Meeting should contact the Information Agent for details to register and join the Scheme Meeting via telephone conference.
- (e) Any Scheme Creditor or its proxy attending the Scheme Meeting in person must produce a printed duplicate copy of the Account Holder Letter validly completed and submitted by or on behalf of that Scheme Creditor together with evidence of corporate authority (in the case of a corporation) (for example, a valid power of attorney and/or board resolutions) and evidence of personal identity (being a valid original passport or other original government-issued photographic identification) at the registration desk by no later than one hour before the scheduled time of the Scheme Meeting. If appropriate personal identification or evidence of authority is not produced, that person shall only be permitted to attend and vote at the Scheme Meeting at the discretion of the Chairpersons.

- (f) If a Scheme Creditor appoints the Chairpersons as its proxy, there is no need for the Chairpersons to take the Account Holder Letter to the Scheme Meeting.

3. BLOCKING NOTES AND UNDERTAKING NOT TO TRANSFER

3.1 General

- (a) Subject to paragraph 3.1(g) below, a Noteholder who procures the submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any New Notes and/or Enhanced Return Notes) must before the Custody Instruction Deadline and prior to delivering the Account Holder Letter to the Information Agent block its Notes by ensuring that its Account Holder follows the instructions set out in paragraph 3.2 below.
- (b) An Account Holder Letter will not be valid for the purposes of voting at the Scheme Meeting or receiving New Notes and/or Enhanced Return Notes on or after the Restructuring Effective Date and the Company and the Information Agent reserve the right to reject any Account Holder Letter that does not include a valid Custody Instruction Reference Number in accordance with paragraph 3.2 below.
- (c) Please note that the Clearing System in which you (or your custodian) hold your Notes will impose an earlier deadline for the submission of the Custody Instruction and/or Account Holder Letter. To ensure timely submission of your Custody Instruction and Account Holder Letter, please ask your custodian to check with the Clearing System as to whether any earlier deadline is applicable and ensure that your Custody Instruction and/or Account Holder Letter are received before any applicable deadline. This is particularly important if you wish to submit an Account Holder Letter by the Record Time in order to vote at the Scheme Meeting and/or to receive New Notes and/or Enhanced Return Notes on the Restructuring Effective Date.
- (d) The Notes will be blocked via a Custody Instruction in accordance with the standard practices and procedures of Euroclear or Clearstream, as applicable, and the deadlines required by Euroclear or Clearstream, as applicable, their Account Holders and any Intermediary. Euroclear or Clearstream, as applicable, will automatically assign a Custody Instruction Reference Number in respect of each Custody Instruction and, as noted above, the Custody Instruction Reference Number must be cross referenced in the Account Holder Letter relating to the Notes in respect of which the Custody Instruction Reference Number has been obtained. It is the responsibility of Account Holders (and Scheme Creditors to ensure that their Account Holders) to comply with any particular deadlines required by such persons or the Information Agent in order to meet the Custody Instruction Deadline and the Record Time. As such, Account Holders should ensure that Euroclear or Clearstream (as applicable) have received Custody Instructions regarding the Notes that are the subject of each Account Holder Letter, and each Scheme Creditor procuring the submission of an Account Holder Letter by its Account Holder should instruct its Account Holder to confirm that (and the Account Holder should ensure that) the Account Holder Letter cross references the Custody Instruction Reference Number.
- (e) **For the avoidance of doubt, all Notes (even those in respect of which no Custody Instructions were given) will be blocked from trading by the Clearing Systems on or promptly following the Scheme Effective Date.**
- (f) If the Restructuring Effective Date occurs before the Scheme Longstop Date, all of the Notes will be cancelled in the Clearing Systems and will be irrevocably released and cancelled in full in accordance with the terms of the Scheme as at the Restructuring Effective Date and thereafter will not be capable of being traded in the Clearing Systems.

- (g) Any documentation and relevant Custody Instruction submitted by or on behalf of a Scheme Creditor shall be irrevocable for all purposes in connection with the Scheme unless and until the Notes are unblocked in accordance with paragraph 3.1(h) below.
 - (h) The Notes shall be unblocked:
 - (i) automatically, without any further action by the Company, within two (2) Business Days after one of the circumstances below occurs:
 - (A) the Scheme is not approved by the requisite majorities of the Scheme Creditors at the Scheme Meeting (provided that the Scheme Meeting may be postponed or adjourned to a subsequent date in order to obtain the requisite approval);
 - (B) the BVI Court not granting a Sanction Order at the hearing of the BVI Court convened for such purpose and the Company has exhausted all avenues of appeal with the BVI Court;
 - (C) the Restructuring does not become effective by the Scheme Longstop Date;
 - (D) the Company and/or the Parent Guarantor gives written notice of an intention not to proceed with the Scheme; or
 - (ii) if the Company at its sole discretion consents to unblock the Notes, and
- in each case, the Information Agent be and is hereby irrevocably instructed and authorised by the Company to cause the Notes to be unblocked.

3.2 Procedure for blocking Notes

- (a) Subject to paragraph 3.1(g) above, a Scheme Creditor that procures submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any New Notes and/or Enhanced Return Notes) must ensure that its Account Holder, prior to delivering the Account Holder Letter to the Information Agent:
 - (i) submits a custody instruction to block its Notes in Euroclear or Clearstream ("**Custody Instruction**") in accordance with the standard practices and procedures required by Euroclear or Clearstream prior to the Custody Instruction Deadline; and
 - (ii) includes in the relevant Account Holder Letter the relevant custody instruction reference number ("**Custody Instruction Reference Number**").
- (b) The relevant Clearing System will provide the Information Agent with confirmation that the Notes that are the subject of the relevant Account Holder Letter have been blocked with effect from or before the date of the relevant Account Holder Letter. In the event that the Clearing System has not received a Custody Instruction prior to its relevant deadline the Company may reject the Account Holder Letter for the purposes of voting at the Scheme Meeting or receiving the New Notes and/or Enhanced Return Notes on the Restructuring Effective Date.
- (c) Notes for which a valid Custody Instruction has been submitted prior to the Custody Instruction Deadline will remain blocked until such time as the Notes are cancelled or unblocked in accordance with paragraph 3.1(h) above.

3.3 Undertaking not to transfer

Once a Custody Instruction Reference Number has been received, the Notes held by that Account Holder will be "blocked" from trading until such time as the Notes are cancelled or unblocked in accordance with paragraph 3.1(h) above. By completion of the Account Holder Letter with inclusion of the Custody Instruction Reference Number, each Scheme Creditors will be deemed to have given the undertaking that it will not, from the date of submission of its Account Holder Letter, sell, transfer, assign or otherwise dispose of its interest in all or any part of its specified Notes until such time as the Notes are cancelled or unblocked in accordance with paragraph 3.1(h) above.

4. INSTRUCTIONS RELATING TO SCHEME CONSIDERATION

4.1 Record Time and Scheme Effective Date

- (a) All Scheme Claims shall be determined at the Record Time.
- (b) If the Scheme Effective Date occurs, the Scheme will become effective and binding on the Company and all Scheme Creditors (and any person who acquires any interest in or arising out of a Scheme Claim after the Record Time).

4.2 Scheme Consideration

- (a) The Scheme Consideration under the terms of the Scheme comprises the following:
 - (i) New Notes to be issued by the Company pursuant to the New Notes Indenture, in compliance with the nominations by the Noteholder as at the Record Time; and
 - (ii) Enhanced Return Notes to be issued by the Company pursuant to the ERN Indenture, in compliance with the nominations by the Noteholder as at the Record Time.
- (b) On the Restructuring Effective Date, the New Notes and the Enhanced Return Notes will be distributed among those Scheme Creditors that have submitted to the Information Agent, the duly completed and signed copies of the Account Holder Letter, the Distribution Confirmation Deed and, if relevant, the Designated Recipient Form by the Record Time; and
- (c) The New Notes and Enhanced Return Notes will be eligible for distribution, clearing and settlement only through Euroclear and Clearstream and will be distributed to the same Euroclear or Clearstream account in which the Notes are held. The New Notes and the Enhanced Return Notes will be issued in principal amounts which are in integral multiples of US\$1,000 (credited in the minimum amount of US\$10,000). Pursuant to the provisions of the Scheme, Scheme Creditors' entitlements to the Scheme Consideration will be rounded down to the nearest US\$1,000 subject to a minimum denomination of US\$10,000 and integral multiples of US\$1,000 in excess thereof. Any cash adjustments arising as a result of rounding down of fractional entitlements of the New Notes shall be paid to each relevant Noteholder in accordance with the terms of the Scheme.

4.3 Instruction Fees

- (a) The Company shall pay the Instruction Fees on the Restructuring Effective Date to those Consenting Creditors who are entitled to receive an Instruction Fee under the terms of the Scheme by way of transfer to the Clearing Systems cash account (which must be the cash account linked to the securities account in which the Notes to which that Consenting Creditor was entitled at the Record Time were held) thereby discharging this obligation.
- (b) In order to ensure it will receive the Instruction Fee, a person who is a Consenting Creditor entitled to receive an Instruction Fee under the terms of the Scheme, must ensure that duly completed and signed copies of Part 1, Part 2 and Part 3 of the Account Holder Letter in respect of its Eligible Restricted Notes are submitted and received via the Transaction Website to the Information Agent by the Record Time.

4.4 Restructuring Effective Date

- (a) In order to receive the New Notes and/or the Enhanced Return Notes on the Restructuring Effective Date in accordance with the terms of the Scheme, a Scheme Creditor must ensure that a Custody Instruction has been submitted on its behalf in respect of its Notes by the Custody Instruction Deadline and duly completed and signed copies of Part 1 and Part 3 of the Account Holder Letter, the Distribution Confirmation Deed and, if applicable, a Designated Recipient Form are submitted by the Account Holder and received via the Transaction Website to the Information Agent by the Record Time.
- (b) A Scheme Creditor may receive Scheme Consideration even if it votes against, or does not submit a vote in respect of, the Scheme.
- (c) Any Scheme Creditor who fails to submit a Custody Instruction by the Custody Instruction Deadline and duly completed and signed copies of Part 1 and Part 3 of the Account Holder Letter, the Distribution Confirmation Deed and, if applicable, a Designated Recipient Form by the Record Time shall receive no New Notes or Enhanced Return Notes on the Restructuring Effective Date. Subject to compliance with the instructions in paragraph 4.5(b) **Error! Reference source not found.** below, any such Scheme Creditor may receive its entitlement to the New Notes on the Holding Period Expiry Date.

4.5 Bar Time and Holding Period Expiry Date

- (a) The Bar Time is the final deadline for a Scheme Creditor to submit the documentation required to receive any of the Residual New Notes under the terms of the Scheme.
- (b) If a Scheme Creditor has not already done so on or before the Record Time, it must ensure that duly completed and signed copies of the required documents are submitted so that they are received by the Information Agent and/or the Holding Period Trustee (as applicable) by the Bar Time in accordance with the terms of this Solicitation Packet and/or the Holding Period Trust Deed in order to receive the New Notes to which it is entitled on or prior to the Holding Period Expiry Date (but note that Scheme Claims will be determined as at the Record Time with interest (if any) accrued up to but excluding the Restructuring Effective Date).
- (c) Any Remaining New Notes after the distribution referred to in paragraph 4.5(b) above, following the Bar Time, shall be transferred by the Holding Period Trustee transferred to Eligible Creditors in accordance with the terms of the Scheme and the Holding Period Trust Deed.

All Scheme Claims will be released on the Restructuring Effective Date in accordance with the terms and conditions of the Scheme. If a Scheme Creditor fails to complete the actions set out in this paragraph 4, it will cease to be entitled to receive any Scheme Consideration but shall have its Scheme Claims compromised irrevocably and shall be bound by the releases under the Scheme.

SCHEDULE 1

ACCOUNT HOLDER LETTER²

Capitalised terms used but not defined in this Account Holder Letter have the meaning given to them

For use by Account Holders in respect of

US\$200,000,000 7.99% senior notes due 23 January 2021 (ISIN: XS1733826181, Common Code: 173382618)
(the "**Notes**")
issued by

Knight Castle Investments Limited 爵堡投资有限公司
(the "**Company**")

in relation to the Company's scheme of arrangement under Section 179A of the BVI Business Companies Act 2004 (the "**Scheme**").

in the explanatory statement relating to the Scheme issued by the Company on 3 July 2024 (the "**Explanatory Statement**"), subject to any amendments or modifications made by the British Virgin Islands High Court of Justice of the Eastern Caribbean Supreme Court (the "**BVI Court**").

The Scheme will, if implemented, materially affect the Scheme Creditors of the Company. Scheme Creditors must use this Account Holder Letter (by instructing their Account Holder if the Scheme Creditor is not an Account Holder) to (a) register details of their interest in the Notes; (b) if they wish, make certain elections in relation to the voting at the Scheme Meeting; and (c) allow them to receive Scheme Consideration. The summary of the Account Holder Letter is set out below.

Key Dates

The key dates in respect of the Scheme are:

- **Custody Instruction Deadline:** being 4 p.m. London time on 19 July 2024, the equivalent being 11 a.m. BVI time on 19 July 2024 and 11 p.m. Hong Kong time on 19 July 2024.
- **Record Time:** being 4 p.m. London time on 23 July 2024, the equivalent being 11 a.m. BVI time on 23 July 2024 and 11 p.m. Hong Kong time on 23 July 2024.
- **Scheme Meeting:** to be held at 8:00 a.m. BVI time on 26 July 2024, the equivalent being 8:00 p.m. Hong Kong time on 26 July 2024.
- **Scheme Effective Date:** being the first date at which all of the Conditions have been satisfied, as specified in the Scheme Effective Notice.

²A sample Account Holder Letter will be posted online via the Transaction Website which Account Holders will be requested to submit to the Information Agent. Scheme Creditors must note that paper Account Holder Letters will not be accepted by the Information Agent and will be circulated as a sample only. Only Account Holder Letters filled via the Transaction Website: <https://www.dfkingltd.com/sanxing/> will be accepted.

- **Restructuring Effective Date:** being the date specified by the Company as such in a notice to Scheme Creditors and the New Notes Trustee, provided that such date falls after the date on which each of the Restructuring Conditions has been satisfied.
- **Holding Period:** means the period from the Restructuring Effective Date up to the date falling 6 months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date).
- **Bar Time:** being 10 a.m. BVI time, the equivalent being 10 p.m. Hong Kong time, on the date falling 3 Business Days before the Holding Period Expiry Date.
- **Holding Period Expiry Date:** means the last day of the Holding Period.

The validly completed Account Holder Letter together with any accompanying documents must be submitted to and received by D.F. King Ltd (as the "**Information Agent**") online at <https://www.dfkingltd.com/sanxing/> (the "**Transaction Website**") by the Record Time in order for a Scheme Creditor to vote at the Scheme Meeting and be eligible to receive its entitlement to the Scheme Consideration on the Restructuring Effective Date. Once the Scheme Meeting has taken place, a Scheme Creditor may no longer amend their nomination(s) in respect of New Notes and Enhanced Return Notes.

If a Scheme Creditor cannot make the securities law confirmations and/or given the undertakings set out in Annex B to the Distribution Confirmation Deed, such Scheme Creditor may designate a Designated Recipient who can make the securities law confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed in order to receive its entitlement to the Scheme Consideration by submission of a Designated Recipient Form in accordance with the terms of the Scheme.

Any Designated Recipient appointed by a Scheme Creditor must hold its account with the same Account Holder as that Scheme Creditor.

An Ineligible Creditor will be entitled make any nominations as to the constitution of its Scheme Consideration pursuant to Part 3, section 2 of the Account Holder Letter. Any Ineligible Creditor who fails to make an election pursuant to Part 3, section 2 of the Account Holder Letter will be deemed to have elected to receive its entitlement to the Scheme Consideration in the form of New Notes. The Scheme Consideration to which such Ineligible Creditor would otherwise have been entitled on the Restructuring Effective Date will become Trust Assets and be held subject to the terms of the Holding Period Trust Deed.

Each Ineligible Creditor should establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed. If an Ineligible Creditor fails to establish its entitlement to the Trust Assets in accordance with the terms of the Holding Period Trust Deed prior to the Bar Time, that Ineligible Creditor's rights under the Scheme shall be extinguished and that Ineligible Creditor shall not be entitled to receive any Scheme Consideration under the Scheme.

Immediately after the Bar Time, any remaining Trust Assets held by the Holding Period Trustee shall be distributed pro rata to the Eligible Creditors, such that each Eligible Creditor will receive a share of the Trust Assets calculated on the basis of the proportion that the Scheme Claim by that Eligible Creditor bears to the aggregate Scheme Claims at the Record Time.

Blocking Notes

Any Scheme Creditor that procures the submission of an Account Holder Letter (to vote at the Scheme Meeting and/or receive any Scheme Consideration on the Restructuring Effective Date) must block its Notes by ensuring that its Account Holder, **prior to delivering the Account Holder Letter to the Information Agent**, submits the relevant custody instruction to block its Notes held with Euroclear or

Clearstream ("**Custody Instruction**") by the Custody Instruction Deadline and includes in the relevant Account Holder Letter reference to the custody instruction reference number ("**Custody Instruction Reference Number**"). An Account Holder Letter will not be valid for the purpose of voting at the Scheme Meeting or receiving Scheme Consideration on the Restructuring Effective Date and the Company reserves the right to reject any Account Holder Letter that does not contain reference to a valid Custody Instruction Reference Number.

The Notes will, subject to satisfaction of the conditions outlined in the Scheme, be irrevocably cancelled and marked down in the Clearing Systems as at the Restructuring Effective Date and thereafter will not be capable of being traded in the Clearing Systems.

Online Account Holder Letter Form

Account Holders will receive acknowledgment of the transmission of your submission. Original paper copies of the Account Holder Letter are not required and should not be sent to the Information Agent.

A separate Account Holder Letter, Distribution Confirmation Deed and, if applicable, Designated Recipient Form must be completed in respect of each separate beneficial holding of the Notes.

You are strongly advised to read the Explanatory Statement, the Scheme and, in particular, the Solicitation Packet at Appendix 6 to the Explanatory Statement before you complete the Account Holder Letter. The Solicitation Packet contains detailed information on the various options contained in this Account Holder Letter.

This Account Holder Letter and any non-contractual obligations arising out of or in relation to this Account Holder Letter shall be governed by, and interpreted in accordance with, the laws of the British Virgin Islands, other than the Distribution Confirmation Deed at Appendix 2 which will be governed by the laws of the State of New York. The courts of the British Virgin Islands shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Account Holder Letter. By submission of the Account Holder Letter to the Information Agent, the Scheme Creditor irrevocably submits to the jurisdiction of the courts of the British Virgin Islands and waives any objections to proceedings in such courts on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

FOR ASSISTANCE CONTACT

D.F. King Ltd

Telephone: in London, +44 20 3885 1837; and in Hong Kong, +852 5803 3889

Email: sanxing@dfkingltd.com

Transaction Website: <https://www.dfkingltd.com/sanxing/>

SUMMARY OF THIS ACCOUNT HOLDER LETTER

The Account Holder Letter must be validly completed and submitted to the Information Agent.

<u>PART 1</u>	SCHEME CREDITOR, ACCOUNT HOLDER AND HOLDINGS DETAILS AND ACCOUNT HOLDER CONFIRMATIONS	<i>This Part 1, 2 and 3 comprise the Account Holder Letter.</i> <i>The Account Holder Letter must be completed in all cases by the Account Holder for and on behalf of the Scheme Creditor and signed by the Account Holder to constitute a validly completed Account Holder Letter.</i> <i>A Scheme Creditor must submit a validly completed Account Holder Letter to cast a vote at the Scheme Meeting or to receive any amount of the New Notes and/or Enhanced Return Notes if the Scheme becomes effective in accordance with its terms</i>
Section 1	Details of the Scheme Creditor	
Section 2	Account Holder Details	
Section 3	Details of Holdings	
Section 4	Account Holder Confirmations	
<u>PART 2</u>	VOTING AND APPOINTMENT OF PROXY	
Section 1	Account Holder Voting Confirmations	
Section 2	Voting Instructions relating to the Scheme and Appointment of Proxy	
<u>PART 3</u>	NOMINATIONS RELATING TO NEW NOTES AND ENHANCED RETURN NOTES	
Section 1	Account Holder Confirmations	
Section 2	Nominations	
<u>APPENDIX 1</u>	DESIGNATED RECIPIENT FORM	<i>This Appendix 1 must be completed by an Account Holder for and on behalf of the Scheme Creditor, if the Scheme Creditor would like a Designated Recipient to receive its share of the New Notes and/or the Enhanced Return Notes</i>
<u>APPENDIX 2</u>	DISTRIBUTION CONFIRMATION DEED	
Annex A	General confirmations, acknowledgements, warranties and undertakings	
Annex B	Securities law confirmations and undertakings	
Annex C	New Notes Form	

PART 1

SCHEME CREDITOR, ACCOUNT HOLDER AND HOLDINGS DETAILS AND ACCOUNT HOLDER CONFIRMATIONS

Irrespective of any elections made under any other part of this Account Holder Letter, an Account Holder Letter submitted and received via the Transaction Website to the Information Agent that does not include all information requested in this Part 1 will not constitute a validly completed Account Holder Letter and the relevant Noteholder will not be entitled to cast a vote at the Scheme Meeting or receive any amount of the Scheme Consideration if the Scheme becomes effective in accordance with its terms.

Section 1 **Details of the Scheme Creditor**

Please identify the Noteholder (that is, the person that is the beneficial owner of and/or the holder of the ultimate beneficial or economic interest as principal in the Notes held in global form through the Clearing Systems to which this Account Holder Letter relates) on whose behalf you are submitting this Account Holder Letter.

To be completed for all Noteholders:

Full name of Noteholder:

Is the Noteholder able to make the securities law confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed?

(circle one) YES / NO

If NO, has the Noteholder designated a Designated Recipient who can make the securities law confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed?

(circle one) YES / NO

Contact name:

Country of residence/headquarters:

Full Address:

E-mail address:

Telephone number (with country code):

To be completed if the Noteholder is an institution/corporation:

Jurisdiction of incorporation of Noteholder:

Section 2 Account Holder Details

Full name of Account Holder:

Clearing System (select one):

EUROCLEAR / CLEARSTREAM

Clearing System participant account number:

Authorised employee of Account Holder (print name):

Telephone number of authorised employee (with country code):

E-mail address of authorised employee:

Section 3 **Details of Holdings**

The Account Holder holds the following Notes to which this Account Holder Letter relates which have been "blocked" at the Record Time. Prior to the Record Time, Notes must have been "blocked" through delivery of a Custody Instruction to the relevant Clearing System by the Custody Instruction Deadline, the reference number in relation to which is identified below.

ISIN	Amount blocked at Clearing System³	Clearing System participant name	Clearing System participant account number	Custody Instruction Reference Number⁴

³The amount entered should be the entire principal amount of Notes in respect of which the Account Holder is giving instructions on behalf of the relevant Noteholder pursuant to this Account Holder Letter. If the Account Holder holds Notes in respect of which it is not giving instructions pursuant to this Account Holder Letter, this amount should not be stated and is not required to be notified.

⁴Corresponding to the Custody Instruction in Euroclear / Clearstream submitted by the Account Holder on behalf of the Scheme Creditor.

Section 4 Account Holder Confirmations

By signing this Part 1 of this Account Holder Letter, the Account Holder confirms that it has been instructed by the Noteholder in respect of which this Account Holder Letter is being submitted to certify that such Noteholder (i) holds the Notes detailed in Part 1, Section 3 as at the date of such Account Holder Letter; (ii) has submitted a Custody Instruction in respect of the Notes to which this Account Holder Letter relates; and (iii) in respect of any distribution of Scheme Consideration, acknowledges and agrees that the Company shall be entitled to treat such Noteholder (or, if applicable, its Designated Recipient) as the party entitled to receive the Scheme Consideration in respect of such holding of Notes.

By submitting this Account Holder Letter to the Information Agent, the Account Holder confirms for and on behalf of the Noteholder on whose behalf this Account Holder Letter is submitted that:

- (a) the Noteholder has received the Scheme and the Explanatory Statement and has had sufficient opportunity to review all documents contained therein and the documents available on the Transaction Website;
- (b) the Notes which are the subject of the Account Holder Letter are, at the time of delivery of such Account Holder Letter, held by it (directly or indirectly) or on its behalf at the relevant Clearing System; and
- (c) the Noteholder authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and delivered on its behalf and its applicable account details to the Company and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted.

Any Noteholder that is unable to give any of the representations above should contact the Information Agent directly as soon as possible.

Before returning this Account Holder Letter, please make certain that you have provided all the information requested.

For the purposes of a Scheme Creditor voting or receiving any New Notes and/or Enhanced Return Notes under the Scheme:

- a Custody Instruction must have been delivered in respect of the Notes identified in Part 1, Section 3 of this Account Holder Letter as being held in the Clearing System;
- the Information Agent will accept this Account Holder Letter only if (as applicable) a valid Custody Instruction Reference Number is included in Part 1, Section 3 of this Account Holder Letter in respect of the Notes which are the subject of this Account Holder Letter;
- information in this Account Holder Letter must be consistent with the Custody Instruction; and
- in respect of any distribution of New Notes and/or Enhanced Return Notes, the Distribution Confirmation Deed and, if applicable, the Designated Recipient Form must be validly completed.

SIGNING:

Account Holder's authorised employee /
representative name:

Executed by authorised employee /
representative for and on behalf of Account
Holder:

Date:

PART 2

VOTING AND APPOINTMENT OF PROXY

This Part 2 is required to be completed only if a Noteholder intends to vote at the Scheme Meeting.

Section 1 **Account Holder Voting Confirmations**

The Account Holder named below for itself hereby confirms to the Company and the Information Agent as follows (select "yes" or "no" as appropriate):

1. That, in relation to the Notes identified in Part 1, Section 3 (*Details of Holdings*) of Part 1 (*Scheme Creditor, Account Holder and Holdings Details*) of this Account Holder Letter, the Account Holder has authority to give the voting instructions set out in Part 2, Section 2 (*Voting Instructions relating to the Scheme*) of this Part 2 (*Voting and Appointment of Proxy*) of this Account Holder Letter, indicate the elections set forth herein (if applicable) and, if applicable, to nominate the person named in Part 2, Section 2 (*Voting Instructions relating to the Scheme*) of this Part 2 (*Voting and Appointment of Proxy*) of this Account Holder Letter to attend and vote at the Scheme Meeting.

☐ Yes

☐ No

In order for a Noteholder to be eligible to vote (either in person or by proxy), an Account Holder must respond "yes" in respect of paragraph 1 above.

By delivering this Account Holder Letter to the Information Agent, the Account Holder confirms that the Noteholder (on whose behalf this Account Holder Letter is submitted) agrees that the Noteholder shall be deemed to have made the representations, warranties and undertakings set forth below in favour of the Company and the Information Agent as at the date on which this Account Holder Letter is delivered to the Information Agent.

1. Each Noteholder who submits, or procures the submission of an Account Holder Letter represents, warrants and undertakes to the Company and the Information Agent that:
 - (a) it has received the Scheme and the Explanatory Statement and has had sufficient opportunity to review all documents contained therein and the documents available on the Transaction Website;
 - (b) to the best of its knowledge, it is lawful to seek voting instructions from that Noteholder in respect of the Scheme;
 - (c) it is assuming all of the risks inherent in that Noteholder participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme for that Noteholder;
 - (e) it has not given voting instructions or submitted an Account Holder Letter with respect to Notes other than those that are the subject of this Account Holder Letter;
 - (f) it authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and delivered on its behalf and its applicable account details to the Company, the Notes Trustee and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted;

- (g) save as expressly provided in the Explanatory Statement, none of the Company, Information Agent or any of their respective Affiliates, directors, officers or employees has made any recommendation to that Noteholder as to whether, or how, to vote in relation to the Scheme, and that it has made its own decision with regard to voting based on any legal, tax or financial advice that it has deemed necessary to seek;
 - (h) all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings shall, to the best of its knowledge and to the extent permitted by law, be binding on the successors and assigns of that Noteholder (in the case of a corporation or institution) or the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of that Noteholder (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of that Noteholder; and
 - (i) it is solely liable for any taxes or similar payments imposed on it under the laws of any applicable jurisdiction as a result of voting in favour of the Scheme (other than any taxes or similar payments for which a member of the Group is liable in accordance with the New Notes and/or the New Notes Indenture and the Enhanced Return Notes and/or the ERN Indenture), and that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Company, the Information Agent or any of their Affiliates, directors, officers, advisers or employees in respect of such taxes or similar payments.
2. Any Noteholder that is unable to give any of the representations in paragraph 1 above should contact the Information Agent directly as soon as possible.

Section 2 Voting Instructions relating to the Scheme and Appointment of Proxy

The Noteholder wishes to vote (or to instruct its proxy to vote) at the Scheme Meeting as follows (please check **only one box**):

☐ **FOR** the Scheme; or

☐ **AGAINST** the Scheme.

The Noteholder wishes (please check **only one box**):

☐ to appoint the Chairpersons as its proxy to attend and vote on the Scheme on its behalf at the Scheme Meeting in accordance with the instruction set forth above;

☐ to appoint the proxy (other than the Chairpersons) identified below to attend and vote on the Scheme on its behalf at the Scheme Meeting in accordance with the instruction set forth above:

Name:

Passport country and number:

☐ to attend and vote on the Scheme at the Scheme Meeting in person or by the below duly authorised representative, if a corporation, in such manner as the Scheme Creditor thinks fit.

Name:

Passport country and number:

Notes:

1. Unless a Noteholder is an individual attending in person or a corporation attending by a duly authorized representative, it must appoint a proxy to vote on its behalf at the Scheme Meeting. It is recommended that the Chairpersons are appointed as the proxy, as there would in such circumstances be no need for any additional documents or identification to be taken to the Scheme Meeting by or on behalf of the Scheme Creditor.
2. Any Noteholder or its proxy attending the Scheme Meeting in person must produce a duplicate copy of the Account Holder Letter validly completed and submitted on behalf of that Scheme Creditor together with evidence of corporate authority (in the case of a corporation) (for example, a valid power of attorney and/or board resolutions) and evidence of personal identity (being a valid original passport or other original government-issued photographic identification) at the registration desk by no later than one hour before the scheduled time of the Scheme Meeting.
3. For the avoidance of doubt, in order to vote, the Account Holder Letter should be completed and submitted to and received by the Information Agent by the Record Time.

PART 3

NOMINATIONS RELATING TO NEW NOTES AND ENHANCED RETURN NOTES

This Part 3 must be completed by a Noteholder to provide its selection of the New Notes and Enhanced Return Notes as part of its Scheme Consideration.

Section 1 Account Holder Confirmations

The Account Holder named below for itself hereby confirms to the Company and the Information Agent as follows (select "yes" or "no" as appropriate):

1. That, in relation to the Notes identified in Part 1, Section 3 (Details of Holdings) of Part 1 (Scheme Creditor, Account Holder and Holdings Details and Confirmations) of this Account Holder Letter, the Account Holder has authority to give the nominations set out in Part 2, Section 2 (Nominations) of this Part 3 (Nominations relating to New Notes and Enhanced Return Notes) of this Account Holder Letter.

☐ Yes

☐ No

In order for a Noteholder's nominations within this Part 3 to be accepted, an Account Holder must respond "yes" in respect of paragraph 1 above.

By delivering this Account Holder Letter to the Information Agent, the Account Holder confirms that the Noteholder (on whose behalf this Account Holder Letter is submitted) agrees that the Noteholder shall be deemed to have made the representations, warranties and undertakings set forth below in favour of the Company and the Information Agent as at the date on which this Account Holder Letter is delivered to the Information Agent.

2. Each Scheme Creditor who submits, or procures the submission of an Account Holder Letter represents, warrants and undertakes to the Company and the Information Agent that:
 - (a) it has received the Scheme and the Explanatory Statement and has had sufficient opportunity to review all documents contained therein and the documents available on the Transaction Website;
 - (b) it is assuming all of the risks inherent in that Noteholder participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme for that Noteholder;
 - (c) it authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and delivered on its behalf and its applicable account details to the Company, the Notes Trustee and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted;
 - (d) save as expressly provided in the Explanatory Statement, none of the Company, Information Agent, the Notes Trustee or any of their respective Affiliates, directors, officers or employees has made any recommendation to that Noteholder as to whether and in what proportions it should nominate to receive New Notes and/or Enhanced Return Notes as part of its Scheme Consideration, and that it has made its own decision with regard to its selection of New Notes and Enhanced Return Notes based on any legal, tax or financial advice that it has deemed necessary to seek; and

- (e) all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings shall, to the best of its knowledge and to the extent permitted by law, be binding on the successors and assigns of that Noteholder (in the case of a corporation or institution) or the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of that Noteholder (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of that Noteholder.
3. Any Noteholder that is unable to give any of the representations in paragraph 2 above should contact the Information Agent directly as soon as possible.

Section 2 Nominations

The Noteholder nominates to receive the following combination of New Notes and Enhanced Return Notes as part of its Scheme Consideration on the Restructuring Effective Date in respect of the outstanding principal amount of the Notes to which such Noteholder was entitled at the Record Time:

Enhanced Return Notes: _____% of the outstanding principal amount of the Notes
(The principal amount of Enhanced Return Notes issued will be rounded down to the nearest US\$1,000)

New Notes: The remaining percentage of the outstanding principal amount of the Notes after taking into account the Enhanced Return Notes selection above

Notes:

1. **There is no guarantee that a Noteholder will receive the full principal amount of Enhanced Return Notes as nominated as part of its Scheme Consideration.** Noteholders should refer to schedule 1 (*Entitlement to Elective Scheme Consideration*) of the Scheme document for further details.
2. **In the event the aggregate principal amount of the Enhanced Return Notes nominated by all Noteholders is less than US\$10,000,000, no Enhanced Return Notes will be issued and the Scheme Consideration shall consist solely of the New Notes, regardless of any nominations made by a Noteholder.**
3. **In the event that the aggregate principal amount of the Enhanced Return Notes nominated by the Noteholders is in excess of US\$80,000,000, Noteholders who have elected to receive Enhanced Return Notes will be deemed to have elected to receive such excess amount in the form of New Notes.**
4. **Any Scheme Creditor who either (a) fails to submit the required documents to the Information Agent by the Record Time or (b) cannot make the securities law confirmations and/or give the undertakings set out in Annex B to the Distribution Confirmation Deed and has not designated a Designated Recipient who can make the securities law confirmations and give the undertakings set out in Annex B to the Distribution Confirmation Deed will not receive its entitlement to the Scheme Consideration on the Restructuring Effective Date and will be regarded as an Ineligible Creditor.**
5. **Any Ineligible Creditor who fails to make the nomination pursuant to Part 3, section 2 of the Account Holder Letter will be deemed to have elected to receive its entitlement to the Scheme Consideration in the form of New Notes.**
6. **The Scheme Consideration to which it would otherwise have been entitled on the Restructuring Effective Date will become Trust Assets and be held subject to the terms of the Holding Period Trust Deed.**
7. For the avoidance of doubt, in order for the above nominations to be accepted by the Company and the Information Agent, the Account Holder Letter should be completed and submitted via the Transaction Website to be received by the Information Agent by the Record Time.

APPENDIX 1 TO THE ACCOUNT HOLDER LETTER

DESIGNATED RECIPIENT FORM (if applicable)

In order for a Noteholder to be eligible to receive its entitlement to the Scheme Consideration, such Noteholder must either:

1. make the securities law confirmations and give the undertakings set out in Annex B to Appendix 2 (*Distribution Confirmation Deed*) to this Account Holder Letter; or
2. designate a Designated Recipient who makes the securities law confirmations and gives the undertakings set out in Annex B to Appendix 2 (*Distribution Confirmation Deed*) to this Account Holder Letter.

You are not required to complete this Designated Recipient Form if you can make the securities law confirmations and give the undertakings set out in Annex B to Appendix 2 (*Distribution Confirmation Deed*) to this Account Holder Letter.

IMPORTANT NOTE: The Designated Recipient must hold an account with the same Account Holder in either Euroclear or Clearstream as the designating Scheme Creditor.

Full name of Noteholder:

The Noteholder hereby irrevocably and unconditionally nominates:

Name of Designated Recipient:

Contact name: _____

Country of residence/headquarters:

Full Address:

E-mail address:

Telephone number (with country code):

to be its Designated Recipient for the purposes of the Scheme in respect of the entire Scheme Consideration attributable to it under the terms of the Scheme.

A Designated Recipient must use/have the same Euroclear or Clearstream account which was used when the Notes were instructed since New Notes can only be provided to accounts which provided instructions via the Custody Instruction Reference Number. A third party Euroclear or Clearstream account cannot be used.

A Noteholder may not appoint more than one Designated Recipient.

The **Noteholder** and any **Account Holder** (each a "**Relevant Person**") named below for itself hereby confirms to the Company and the Information Agent that, in relation to the Notes that are the subject of the Account Holder Letter, the Relevant Person has authority to identify the Designated Recipient in this Appendix 1 (*Appointment of Designated Recipient*) (if any) and to give on its behalf the instruction given in the applicable Account Holder Letter:

☐ Yes

☐ No

Account Holder's authorised employee /
representative name:

APPENDIX 2 TO THE ACCOUNT HOLDER LETTER

DISTRIBUTION CONFIRMATION DEED

Any Noteholder that wishes to receive a proportion of the New Notes and/or the Enhanced Return Notes on the Restructuring Effective Date must ensure that this Distribution Confirmation Deed is duly completed on its behalf (or on behalf of its Designated Recipient) by the Account Holder in the affirmative and returned online via the Transaction Website by its Account Holder, to the Information Agent by the Record Time. To the extent that the Account Holder cannot complete the Distribution Confirmation Deed on behalf of a Noteholder, the Account Holder should contact the Information Agent immediately.

Distribution Confirmation Deed

This Deed is made by way of deed poll by the person whose details are set out on the signature page on the date stated in the execution page for the benefit of the Company, and with the intention and effect that it may be directly relied upon and enforced separately by each Released Party (as defined in the Scheme), even though they are not party to this Deed.

1. Definitions and interpretation

- (a) Unless otherwise defined herein, defined terms in this Deed shall have the meanings given to them in the Explanatory Statement and the Scheme.
- (b) In this Deed unless the context otherwise requires:
 - (i) words in the singular include the plural and in the plural include the singular;
 - (ii) the words "including" and "include" shall not be construed as or take effect as limiting the generality of the foregoing;
 - (iii) the headings shall not be construed as part of this Deed nor affect its interpretation;
 - (iv) references to any clause, without further designation, shall be construed as a reference to the clause of this Deed so numbered;
 - (v) reference to any act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of this Deed and any former statutory provision replaced (with or without modification) by the provision referred to;
 - (vi) reference to a person includes a reference to any body corporate, unincorporated association or partnership and to that person's legal personal representatives or successors; and
 - (vii) the principles of construction set out in the Scheme apply to this Deed except that references to the Scheme shall instead be construed as referenced to this Deed.

2. Confirmations, warranties and undertakings

- (a) The Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, gives the confirmations, acknowledgements, warranties and undertakings set out in:
 - (i) Annex A (*General confirmations, acknowledgements, warranties and undertakings*);
 - (ii) Annex B (*Securities law confirmations and undertakings*); and
 - (iii) Annex C (*New Notes Form*).
- (b) Without prejudice to the provisions in Annex A, Annex B and Annex C, the Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, hereby irrevocably warrants, undertakes and represents to the Company that with effect from the Restructuring Effective Date:
 - (i) it will not seek to dispute, set aside, challenge, compromise or question in any jurisdiction the validity and efficacy of the cancellation and/or write-down of its Scheme Claims, including the Notes, provided that such cancellation and/or write-down was done in accordance with the terms of the Scheme;
 - (ii) it will not seek to dispute, challenge, set aside or question the validity, authority or efficacy of the Scheme in any jurisdiction or before any court, regulatory authority, tribunal or otherwise; and
 - (iii) it has obtained all necessary consents, authorisations, approvals and/or permissions required to be obtained by it under the laws and regulations applicable to it in any jurisdiction in order to sign this Deed and its signatory represents that it is duly authorised to sign this Confirmation on that party's behalf.

3. Grant of authority to the Company to execute certain documents on behalf of the Scheme Creditors

- (a) Subject to the Scheme Effective Date occurring and the terms of the Scheme, the Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, hereby irrevocably and unconditionally authorises the Company, and appoints the Company as their true and lawful attorney (acting by its directors or other duly appointed representative) to enter into, execute and deliver (as applicable) the Restructuring Documents on behalf of each of them and agree to be bound by its terms.

4. Distribution of the New Notes and the Enhanced Return Notes

- (a) The Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, confirms in relation to the Notes that is the subject of the applicable Account Holder Letter that it intends to receive the New Notes and/or Enhanced Return Notes to which it is entitled in accordance with the terms of the Scheme.
- (b) To the extent that a Noteholder (or its Designated Recipient) is entitled to receive any of the New Notes and/or the Enhanced Return Notes under the terms of the Scheme, the Account Holder on behalf of the Noteholder irrevocably directs the Company

and/or the Information Agent to issue such New Notes and/or Enhanced Return Notes to it by crediting its account, held with Euroclear or Clearstream, as applicable, and identified in its Account Holder Letter with a beneficial interest in the New Notes and/or Enhanced Return Notes.

Annex A to the Distribution Confirmation Deed

General confirmations, acknowledgements, warranties and undertakings

1. The Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, confirms to the Company and the Information Agent that:
 - (a) to the best of its knowledge, it has complied with all laws and regulations applicable to it in any jurisdiction with respect to the Scheme, the Account Holder Letter and this Deed;
 - (b) it (i) can make the securities law confirmations and give the undertakings set out in Annex B to Appendix 2 (*Distribution Confirmation Deed*) to the Account Holder Letter; or (ii) if the Noteholder has appointed a Designated Recipient, the Noteholder will retain no beneficial interest in any New Notes and Enhanced Return Notes nominated to be held by any Designated Recipient(s);
 - (c) it has received and reviewed the Scheme and the Explanatory Statement and assumes all of the risks inherent in participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme;
 - (d) it has submitted instructions to block its Notes held with Euroclear or Clearstream, as applicable, and accordingly from the date on which it delivers its Account Holder Letter it will not sell, transfer, assign or otherwise dispose of its interest in all or any part of its specified Notes until the earliest of the following circumstances: (i) the Restructuring Effective Date (at which time the Notes will be cancelled in accordance with the terms of the Scheme); (ii) the Scheme not being approved by the requisite majorities of the Noteholders (provided that the Scheme Meeting may be postponed or adjourned to a subsequent date in order to obtain the requisite approval); (iii) the BVI Court not granting a Sanction Order at the hearing of the BVI Court convened for such purpose and the Company having exhausted all avenues of appeal with the BVI Court; (iv) the Restructuring not becoming effective by the Scheme Longstop Date; and (v) the Company and/or the Parent Guarantor giving written notice of an intention not to proceed with the Scheme;
 - (e) it authorises the Clearing Systems to provide details concerning its identity, the Notes which are the subject of the Account Holder Letter and its applicable account details to the Company and the Information Agent and their respective legal and financial advisers at the time the Account Holder Letter is submitted;
 - (f) it acknowledges that no information has been provided to it by the Company, any other member of the Group, the Notes Trustee, the Advisers or the Information Agent with regard to the tax consequences arising from the receipt of any of the New Notes and/or Enhanced Return Notes or the participation in the Scheme and acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Scheme and agrees that it will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against the Company, any other member of the Group, the Notes Trustee, the Advisers or the Information Agent or any other person in respect of such taxes and payments;
 - (g) it consents to, and agrees to be bound by the terms of the Scheme and the other matters contained herein, upon the Scheme becoming effective;

- (h) it acknowledges that all authority conferred or agreed to be conferred pursuant to the Account Holder Letter and this Deed and each obligation and the authorisations, instructions and agreements given by it shall, to the best of its knowledge and to the extent permitted by law, be binding upon its successors, assigns, administrators, trustees in bankruptcy and legal representatives and that all of the information in the Account Holder Letter and this Deed is true, complete and accurate as at the date of this Deed;
 - (i) it authorises the execution and the taking of all steps as are reasonably required to give effect to this Deed and its terms;
 - (k) it acknowledges and agrees that the Company may, between the date on which the Explanatory Statement is issued and the Scheme Effective Date, make any modifications of, or additions to, the Scheme and/or the Restructuring Documents which would not directly or indirectly have a material adverse effect on the interests of the Scheme Creditors under the Scheme and are necessary for the purpose of implementing the Restructuring, and provided that the Company draws all such modifications or additions to the attention of the Court at the Sanction Hearing;
 - (l) it acknowledges that neither the Scheme nor the transactions contemplated by the Explanatory Statement shall be deemed to be investment advice or a recommendation as to a course of conduct by the Company, any other member of the Group, the Advisers, the Notes Trustee or any of their respective officers, directors, employees or agents; and
 - (m) it represents that, in directing the execution and delivery of this Deed, it has made an independent decision in consultation with its advisers and professionals to the extent that it considers it necessary.
2. The Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient hereby acknowledges and agrees that the confirmations, authorisations, acknowledgements and waivers made by it in this Annex A are also given in favour of each relevant Released Party, who, in each case, are entitled to enforce and enjoy the benefit of any terms contained therein.

Annex B to the Distribution Confirmation Deed

Securities law confirmations and undertakings

1. The Account Holder on behalf of the Noteholder or, if the Noteholder has appointed a Designated Recipient, its Designated Recipient, confirms to the Company and the Information Agent that:
 - (a) it understands that the offer to it of the New Notes and Enhanced Return Notes has not been registered under the U.S. Securities Act and that such offer is being made to it in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and that consequently the New Notes and Enhanced Return Notes have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States;
 - (b) it understands that the New Notes and Enhanced Return Notes are "**restricted securities**" as defined in Rule 144(a)(3) under the U.S. Securities Act, and it agrees on its own behalf and on behalf of any investor for which it is acquiring the New Notes and Enhanced Return Notes, and each subsequent holder of the New Notes and Enhanced Return Notes by its acceptance thereof will be deemed to agree, to transfer such New Notes only, prior to the date that is: (i) in the case of New Notes and Enhanced Return Notes issued in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"), 40 days; and (ii) otherwise, one year after the original issue date or such later date, if any, as may be required by applicable law only:
 - (i) to the Company or one of its subsidiaries;
 - (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act;
 - (iii) for so long as the New Notes and Enhanced Return Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act ("**Rule 144A**"), to a person it reasonably believes is a "qualified institutional buyer" (a "**QIB**") as defined in Rule 144A that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A;
 - (iv) to an institutional "**accredited investor**" ("**Accredited Investor**") within the meaning of Rule 501(A)(1), (2), (3) or (7) under the U.S. Securities Act that, before such transfer, delivers to the Transfer Agent a duly completed and signed certificate (the form of which may be obtained from the Transfer Agent) relating to the restrictions on transfer of the New Notes and Enhanced Return Notes;
 - (v) outside the United States to non-U.S. persons within the meaning of Regulation S; or
 - (vi) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act;
 - (c) it understands that unless the Company determines otherwise in accordance with applicable law, the New Notes and Enhanced Return Notes will, to the extent they are issued in certificated form, bear a legend substantially in the following form:

"THIS NOTE, THE PARENT GUARANTEE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE "SECURITIES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NONE OF THE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE COMPANY OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE

SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE COMPANY'S AND THE TRANSFER AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR BANK SA/NV ("EUROCLEAR") OR CLEARSTREAM BANKING S.A. ("CLEARSTREAM") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF ITS AUTHORIZED NOMINEE OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM (AND ANY PAYMENT IS MADE TO ITS AUTHORIZED NOMINEE OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, ITS AUTHORIZED NOMINEE, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF EUROCLEAR OR CLEARSTREAM OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE."

- (d) it and any subsequent holder of the New Notes and Enhanced Return Notes will notify any person to whom it subsequently re-offers, resells, pledges, transfers or otherwise disposes of the New Notes and Enhanced Return Notes of the foregoing restrictions on transfer;
- (e) it understands and acknowledges that the Company shall not be obliged to recognise any resale or other transfer of the New Notes and Enhanced Return Notes made other than in compliance with the restrictions set forth in this Distribution Confirmation Deed and the terms of the New Notes and Enhanced Return Notes;

- (f) it confirms that it will acquire an interest in the New Notes or Enhanced Return Notes for its own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this Distribution Confirmation Deed and for whom it exercises sole investment discretion;
- (g) the receipt of New Notes or Enhanced Return Notes by such person is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act;
- (h) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the New Notes or Enhanced Return Notes, and is experienced in investing in capital markets and is able to bear the economic risk of investing in its New Notes or Enhanced Return Notes (which it may be required to bear for an indefinite period of time and it is able to bear such risk for an indefinite period), and has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in its New Notes or Enhanced Return Notes, and is able to sustain a complete loss of its investment in its New Notes or Enhanced Return Notes;
- (i) it has or has access to all information that it believes is necessary, sufficient or appropriate in connection with its acquisition of its New Notes or Enhanced Return Notes and has made an independent decision to acquire its New Notes or Enhanced Return Notes based on the information concerning the business and financial condition of the Company and other information available to it which it has determined is adequate for that purpose;
- (j) it will comply with all securities laws of any state or territory of the United States or any other applicable jurisdiction, including without limitation "blue sky" laws, and acceptance of its New Notes or Enhanced Return Notes will not violate any applicable law;
- (k) it understands that neither the Securities and Exchange Commission, nor any other United States state or other securities commission or regulatory authority has approved or disapproved of the New Notes or Enhanced Return Notes or passed comment upon the accuracy or adequacy of the Solicitation Packet or the Explanatory Statement, and that any representation to the contrary is a criminal offence in the United States;
- (l) it has consulted and will continue to consult, in each case as required, its own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme, the New Notes, the Enhanced Return Notes and the Restructuring in its particular circumstances;
- (m) it understands that the New Notes and Enhanced Return Notes will not be listed on a U.S. securities exchange or any inter-dealer quotation system in the United States and that the Company does not intend to take action to facilitate a market in any of the New Notes and Enhanced Return Notes in the United States. Consequently, it understands that that it is unlikely that an active trading market in the United States will develop for any such securities;
- (n) it understands that the foregoing representations, warranties and agreements are required in connection with United States securities laws and that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. It agrees that, if any of the acknowledgements, representations and warranties made in connection with its receipt of the New Notes and Enhanced Return Notes are no longer accurate, it will promptly, and in any event

prior to the issuance of its New Notes and Enhanced Return Notes, notify the Company in writing;

- (o) it is either (i) a "**qualified investor**" within the meaning of Regulation (EU) 2017/1129; or (ii) is not incorporated or situated in any member state of the European Economic Area;
- (p) it is not located or resident in the United Kingdom or, if it is a resident of or located in the United Kingdom, it is: (i) a person who has professional experience in matters relating to investments and qualifies as an Investment Professional in accordance with Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) a high net worth company, unincorporated association, partnership, trustee or any person to whom communication may otherwise lawfully be made in accordance with Article 49(2) of the Order; or (iii) person falling within Article 43(2) of the Order;
- (q) it understands that the arrangements for the issue of the New Notes and Enhanced Return Notes have not been authorised by Hong Kong's Securities and Futures Commission ("**SFC**"), nor has the Explanatory Statement (for this purposes including the Solicitation Packet) been approved by the SFC pursuant to section 105(1) of Hong Kong's Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**SFO**") or section 342C(5) of Hong Kong's Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("**C(WUMP)O**") or registered by Hong Kong's Registrar of Companies pursuant to section 342C(7) of the C(WUMP)O;
- (r) it is not located or resident in Hong Kong or, if it is resident or located in Hong Kong, it is (i) a person whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or (ii) a professional investor as defined in the SFO;
- (s) it understands that the New Notes and Enhanced Return Notes have not been and will not be registered under the relevant laws of the PRC;
- (t) it is not in Singapore or, if it is in Singapore, it is (i) an "**institutional investor**" as defined in Section 4A of the Securities and Futures Act, Chapter 289, as amended or modified from time to time (the "**SFA**"); (ii) a relevant person (as defined in Section 275(2) of the SFA) and in the case of an "**accredited investor**", as such term is defined in Section 4A of the SFA as modified by Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; (iii) a person referred to in Section 275(1A) of the SFA; or (iv) a person to whom the New Notes and Enhanced Return Notes may otherwise be offered pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA;
- (u) it will comply with all securities laws relating to the New Notes and Enhanced Return Notes that apply to it in any place in which it accepts, holds or sells any of its New Notes and Enhanced Return Notes. It has obtained all consents or approvals that it needs in order to receive its New Notes and Enhanced Return Notes, and the Company is not responsible for compliance with these legal requirements; and
- (w) it will not offer or resell any of its New Notes and Enhanced Return Notes, or cause any offer for the resale of its New Notes and Enhanced Return Notes, in any state or jurisdiction in which such offer, a solicitation for the purchase of, or resale of its New Notes and Enhanced Return Notes would be unlawful under, or cause the Company to be in breach of, the securities laws of such state or jurisdiction and it has complied and

will comply with all applicable laws and regulations with respect to anything done by it in relation to the New Notes and Enhanced Return Notes.

Annex C to the Distribution Confirmation Deed

New Notes Form

By ticking one of the boxes below, the Account Holder on behalf of the Noteholder expressly acknowledges and confirms that the Noteholder intends to receive and is eligible to receive, or if a Designated Recipient is appointed, the Account Holder on behalf of the Designated Recipient acknowledges and confirms that it is eligible to receive New Notes and Enhanced Return Notes (collectively “**New Notes**” for the purpose hereof) in the form as follows:

- ☐ Rule 144A New Notes
- ☐ IAI New Notes
- ☐ Regulation S New Notes

By ticking one of the three boxes above, the Account Holder on behalf of the Noteholder (or its Designated Recipient, if applicable), expressly confirms, represents and warrants that:

- (a) in the case of ticking the Rule 144A New Notes box, the Noteholder (or its Designated Recipient) is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act or in the case of ticking the IAI New Notes box, the Noteholder (or its Designated Recipient) is an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act;

the Noteholder (or its Designated Recipient) is aware that the issue of the Rule 144A New Notes and the IAI New Notes, as applicable, to it is being made in reliance on one or more exemptions from registration under the U.S. Securities Act, including Section 4(a)(2) thereunder; and

the Noteholder (or its Designated Recipient) is acquiring the Rule 144A New Notes or the IAI New Notes, as applicable, for its own account or for one or more managed accounts, each of which is a "qualified institutional buyer" or an institutional "accredited investor" and as to each of which it exercises sole investment discretion; or

- (b) in the case of ticking the Regulation S New Notes box, the Noteholder (or its Designated Recipient) is located outside the United States and is a person that is not a "U.S. Person" as defined in Regulation S under the U.S. Securities Act, acquiring the Regulation S Notes in reliance on Regulation S under the U.S. Securities Act, and acquiring the Regulation S Notes for its own account or for one or more managed accounts, each of which is a non-U.S. Person and as to each of which it exercises sole investment discretion.

Any Noteholder that does not make (or does not have an Account Holder make on its behalf) the relevant confirmations by **checking the "Yes" box below and complete this Annex C** to this Distribution Confirmation Deed shall not be entitled to receive a distribution of New Notes and should contact the Information Agent without delay.

The Account Holder on behalf of the Noteholder and if applicable, the Designated Recipient, acknowledges and agrees to the terms, confirmations, acknowledgements, warranties and undertakings set out in this Distribution Confirmation Deed, including without limitation those set out at Annex A (*General confirmations, acknowledgements, warranties and undertakings*) and Annex B (*Securities law confirmations and undertakings*) and Annex C (*New Notes Form*):

- ☐ Yes

In witness whereof this Account Holder Letter has been executed on _____.

Account Holder on behalf of the Noteholder or Designated Recipient

EXECUTED and **DELIVERED** by

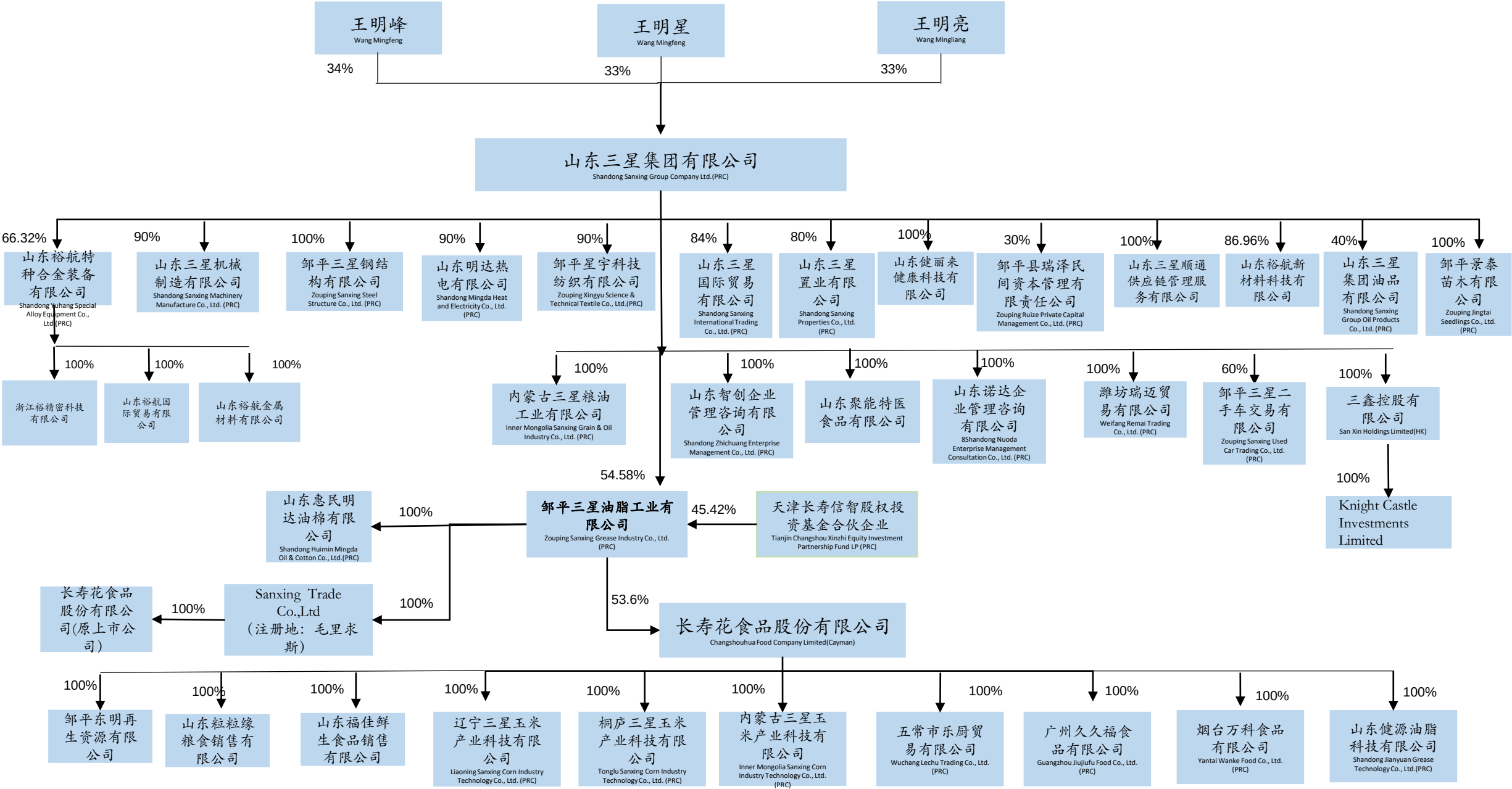
We act as Account Holder on behalf of the Noteholder or Designated Recipient (please tick only one):

- ☐ Noteholder
- ☐ Designated Recipient

Account Holder's authorised employee /
representative name:

Executed by authorised employee /
representative for and on behalf of Account
Holder:

[Signature page to the Account Holder Letter]



Shandong Sanxing Group Co., Ltd
Audit Report

Ya Kuai Shen Zi (2024) No. 01110038

Asia Pacific (Group) CPAs (Special General Partnership)

26 April 2024

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Audit Report

Ya Kuai Shen Zi (2024) No. 01110038

Dear Shareholders of Shandong Sanxing Group Co., Ltd:

I. Audit opinions

We have audited the financial statements of Shandong Sanxing Group Co., Ltd (“Sanxing Group”), including the consolidated balance sheet and balance sheet of the company as of 31 December 2023, the consolidated income statement and income statement of the company for 2023, consolidated cash flow statement and cash flow statement of the company, consolidated statement of change in equity and statement of change in equity of the company, and the relevant notes to financial statements.

In our opinion, the enclosed financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and fairly reflected the consolidated financial positions and financial positions of the company as of 31 December 2023 of Sanxing Group as well as the consolidated operation results and cash flow and operation results and cash flow of the company for 2023 of the Group.

II. Basis for audit opinions

We carried out the audit according to the Auditing Standards for Chinese CPA. Our responsibilities under the Standards are further described under the section titled “responsibilities of CPA for auditing financial statements” in this audit report. We are independent from Sanxing Group and have fulfilled the obligations in terms of professional ethics according to Code of Professional Conduct for Chinese CPAs. We believe that the evidences we obtained are adequate and proper, and lay a solid foundation for the audit opinion.

III. Responsibilities of the management and the governance team for the financial statements

The management of Sanxing Group is responsible for preparing the financial statements according to the Accounting Standards for Business Enterprises to ensure the fair presentation of the statements, and for designing, implementing and maintaining necessary internal control to ensure that the financial statements do not contain any material misstatement due to fraud or errors.

When preparing the financial statements, the management is responsible for evaluating the going-concern ability of Sanxing Group, disclosing the matters (if applicable) related to going concern and applying the going-concern assumptions, unless the management intends to liquidate Sanxing Group, stop operation or has no other practical choice.

The governance team is responsible for supervising the financial report process of Sanxing Group.

IV. Responsibilities of CPA for auditing financial statements

Our objective is to obtain reasonable assurance on whether the financial statements do not contain any material misstatement due to fraud or errors, and provide the audit report containing the relevant audit opinions. The reasonable assurance is a high-level assurance, but we cannot guarantee that whatever material misstatement can be detected when carrying out the audit according to the audit standards. The misstatement may be caused by fraud or error. If it can be reasonably estimated that the misstatements may separately or in aggregate affect the economic decision made by the financial statement user based on the financial statements, the misstatements can be considered material.

We applied professional judgment and maintained professional skepticism when carrying out the audit according to the audit standards. In addition, we executed the following tasks:

(1) We identified and evaluated the risks of material misstatement caused by fraud or error, designed and implemented proper audit procedures to deal with these risks, and obtained sufficient and appropriate audit evidence as the basis for audit opinion. Because fraud may involve collusion, falsification, intentional omission, false statement or overriding the internal control, the risk that the misstatement caused by fraud is not detected is higher than the risk that misstatement caused by error is not detected.

(2) We tried to understand the audit-related internal control so as to design proper audit procedures but not for the purpose of expressing opinions on the effectiveness of internal control.

(3) We evaluated the appropriateness of the accounting policies adopted by the management and

the reasonableness of the accounting estimates and relevant disclosures.

(4) We drew a conclusion on the appropriateness of the management team's use of the going concern assumption. Meanwhile, we drew a conclusion on whether there was material uncertainty in the matters or circumstances that may cause major doubt to the continuing operation ability of Sanxing Group based on the audit evidences obtained. If we drew a conclusion that there was material uncertainty, we shall remind the report users to pay attention to related disclosures in the financial statements in the audit report as required by the auditing standards; if such disclosures were inadequate, we shall express modified opinions. Our conclusion is based on information available as of the date of the audit report. However, the future matters or situations may cause discontinuing operation of Sanxing Group.

(5) We evaluated the overall presentation, structure and contents of the financial statements and judged if the financial statements fairly reflected the relevant transactions and events.

(6) We obtained sufficient and appropriate audit evidence on the financial information of the entities or business activities of Sanxing Group, in order to issue opinions on the financial statements. We are responsible for guiding, supervising and implementing the group audit. We assume all the liabilities for the audit opinions.

We have communicated with the governance team on the planned audit scope, time arrangement, important audit findings and other relevant issues, including the communication of the internal control defects that we detected during the audit and deserve attention.

[There is no text in this page, which is the signature and seal page for audit report of Shandong Sanxing Group Co., Ltd Ya Kuai Shen Zi (2024) No. 01110038]

Asia Pacific (Group) CPAs

(Special General Partnership)

Chinese Certified Public Accountant:

(The engagement partner of the project)

Chinese Certified Public Accountant:

Beijing, China

26 April 2024

Consolidated Balance Sheet

December 31, 2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Closing balance	Opening balance
Current assets:			
Monetary capital	VI, 1	-	1,580,738,787.26
Transaction financial assets			
Derivative financial assets			
Bills receivable	VI, 2	-	534,817,081.95
Accounts receivable	VI, 3	-	1,860,058,366.23
Accounts receivable financing			
Prepayments	VI, 4	-	1,288,018,251.10
Other receivables	VI, 5	-	432,253,918.08
Including: interests receivable			
Dividends receivable			
Inventories	VI, 6	-	3,443,904,681.44
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI, 7	-	808,946,128.40
Total current assets		-	9,948,737,214.46
Non-current assets:			
Debt investment	VI, 8	-	631,359,982.48
Other debt investment			
Long-term receivables			
Long-term equity investment	VI, 9	-	1,000,000.00
Other equity instrument investment	VI, 10	-	42,892,351.00
Other non-current financial assets			
Investment properties			
Fixed assets	VI, 11	-	6,951,582,368.67
14. Construction in progress	VI, 12	-	18,329,730.02
Productive biological assets			
Right-of-use assets			
Oil and nature gas assets			
Intangible assets	VI, 13	-	1,120,463,406.82
Development expenditure			
Goodwill	VI, 14		
Long-term deferred expenses	VI, 15	-	14,732,638.63
Deferred income tax assets	VI, 16	-	8,084,994.60
Other non-current assets	VI, 17	-	302,055,011.10
Total non-current assets		-	9,090,500,483.32
Total assets		-	19,039,237,697.78

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Consolidated Balance Sheets (continued)

December 31, 2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	VI, 18	-	2,278,533,700.00
Transaction financial liabilities			
Derivative financial liabilities			
Bills payable	VI, 19	-	361,000,000.00
Accounts payable	VI, 20	-	395,496,348.58
Receipts in advance			
Contract liabilities	VI, 21	-	223,860,613.02
Salaries payable	VI, 22	-	97,840,884.91
Taxes payable	VI, 23	-	241,872,653.54
Other payables	VI, 24	-	552,308,439.94
Including: interests payable			311,160,226.23
Dividends payable			
Hold-for-sales liabilities			
Non-current liabilities due within one year	VI, 25	-	636,333,910.48
Other current liabilities	VI, 26	-	47,126,385.09
Total current liabilities		-	4,834,372,935.56
Non-current liabilities:			
Long-term borrowings	VI, 27	-	
Bonds payable	VI, 28	-	1,711,920,000.00
Including: preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	VI, 29	-	1,589,045,775.30
Long-term salaries payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		-	3,300,965,775.30
Total liabilities		-	8,135,338,710.86
Shareholders' equity:			
Paid-in capital	VI, 30	-	950,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserve	VI, 31	-	2,405,460,973.26
Less: Treasury stock			
Other comprehensive income		-	2,742,495.11
Special reserve			
Surplus reserve	VI, 32	-	69,236,497.90
General risk reserve			
Undistributed Profit	VI, 33	-	5,353,637,774.42
Total equity attributable to shareholders of parent company		-	8,781,077,740.69
Minority interests		-	2,122,821,246.23
Total shareholders' equity		-	10,903,898,986.92
Total liabilities and shareholders' equity		-	19,039,237,697.78

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Consolidated Income Statement

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Amount for the period	Amount for the previous period
I. Operating revenue	VI, 34	-	13,457,313,478.49
Less: Operating costs	VI, 34	-	11,456,942,699.22
Business tax and surcharges		-	29,297,609.57
Selling expenses		-	343,870,432.62
Administrative expenses		-	350,434,716.84
Research and development expenses		-	245,126,358.02
Finance expenses	VI, 35	-	460,958,919.78
Including: interest expenses		-	383,038,763.30
Interest income		-	53,704,334.88
Add: Other income			
Investment income ("-" indicating losses)	VI, 36	-	-37,527,354.59
Including: Gains from investments in associates and joint ventures		-	
Gains from changes in fair value ("-" indicating losses)			
Credit impairment losses ("-" indicating losses)	VI, 37	-	-13,071,201.67
Assets impairment losses ("-" indicating losses)			
Gains from disposal of assets ("-" indicating losses)	VI, 38	-	-65,174.25
II. Operating profit ("-" indicating loss)		-	520,019,011.93
Add: Non-operating income	VI, 39	-	176,320,365.18
Less: Non-operating expenses	VI, 40	-	17,230,472.25
III. Total profit ("-" indicating loss)		-	679,108,904.86
Less: Income tax expenses	VI, 41	-	194,651,902.16
IV. Net profit ("-" indicating net loss)		-	484,457,002.70
(I) Classification by continuous operation			
1. Net profit from continuing operation ("-" indicating net loss)		-	484,457,002.70
2. Net profit from discontinued operation ("-" indicating net loss)			
(II) Classification by ownership			
1. Net profit attributable to shareholders of parent company		-	285,792,121.42
2. Profit or loss of minority interests		-	198,664,881.28
V. Other comprehensive income net of tax			
Other comprehensive income net of tax attributable to shareholders of parent company			
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss			
1. Re-measurement of change in net liabilities or assets of defined benefit scheme			
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss under equity method			
3. Change in fair value of other equity instrument investment			
4. Change in fair value of enterprise's own credit risk			
5. Others			
(II) Other comprehensive income that will subsequently be reclassified to profit and loss			
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method			
2. Change in fair value of other debt investment			
3. Amount of financial assets that will be reclassified to and included in other comprehensive income			
4. Reserve for risk impairment of other debt investment			
5. Cash flow hedge reserve			
6. Exchange differences from translation of financial statements denominated in foreign currencies			
Other comprehensive income after tax attributable to minority, net			
VI. Total comprehensive income		-	484,457,002.70
Total comprehensive income attributable to shareholders of the parent company		-	285,792,121.42
Total comprehensive income attributable to minority		-	198,664,881.28
VII. Earning per share			
(I) Basic earning per share			
(II) Diluted earning per share			

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Consolidated Cash Flow Statement

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Amount for the period	Amount for the previous period
I. Cash flows from operating activities			
Cash receipts from sale of goods or rendering of services		-	14,527,672,323.26
Receipts from tax refunds		-	51,325,125.36
Other cash receipts relating to operating activities		-	228,392,173.03
Sub-total of cash inflows from operating activities		-	14,807,389,621.65
Cash payments for goods purchased and services rendered		-	13,164,879,467.65
Cash paid to and on behalf of employees		-	246,716,315.34
Payments of all types of taxes		-	296,225,355.23
Other cash payments relating to operating activities		-	478,726,810.38
Sub-total of cash outflows from operating activities		-	14,186,547,948.60
Net cash flows from operating activities		-	620,841,673.05
II. Cash flows from investment activities			
Cash receipts from recovery of investments		-	182,351,135.78
Cash receipts from investment income			3,962,073.66
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		-	701,327.85
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities		-	12,230,000.00
Sub-total of cash inflows from investing activities		-	199,244,537.29
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		-	50,612,485.53
Cash payments to acquire investments		-	445,463,893.80
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities		-	249,900,000.00
Sub-total of cash outflows from investing activities		-	745,976,379.33
Net cash flows from investing activities		-	-546,731,842.04
III. Cash flows from financing activities			
Cash receipts from absorption of investments		-	50,000,000.00
Including: Cash receipts from minority interests in subsidiaries		-	50,000,000.00
Cash receipts from borrowings		-	2,438,094,550.00
Cash receipts from issuance of bonds			
Other cash receipts relating to financing activities		-	1,627,084,674.76
Sub-total of cash inflows from financing activities		-	4,115,179,224.76
Cash payments for settlement of debts		-	2,952,843,000.00
Cash payments for distribution of dividends or profit and repayment of interests		-	346,549,899.60
Including: Dividends and profit paid to minority interests in subsidiaries			
Other cash payments relating to financing activities		-	851,318,276.36
Sub-total of cash outflows from financing activities		-	4,150,711,175.96
Net cash flows from financing activities		-	-35,531,951.20
IV. Effect of changes in foreign exchange rate on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-	38,577,879.81
Add: Opening balance of cash and cash equivalents		-	1,283,042,791.11
VI. Closing balance of cash and cash equivalents		-	1,321,620,670.92

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Consolidated Statement of Change in Equity

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Amount for the period											
	Equity attributable to shareholders of parent company										Minority interests	Total shareholders' equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed Profit		
preferred shares		Perpetual bonds	Others									
I. Closing balance for the prior period	950,000,000.00				2,405,460,973.26		2,742,495.11		69,236,497.90	5,353,637,774.42	2,122,821,246.23	10,903,898,986.92
Add: Effect of changes in accounting policies												
Correction of errors in the prior period												
Business combination under common control												
Others												
II. Opening balance for the period	950,000,000.00				2,405,460,973.26		2,742,495.11		69,236,497.90	5,353,637,774.42	2,122,821,246.23	10,903,898,986.92
III. Increase/decrease for the period ("-" indicating decrease)					-2,405,460,973.26		-2,742,495.11			-	128,940,844.93	-2,279,262,623.44
(i) Total comprehensive income							-2,742,495.11			-	-	-2,742,495.11
(ii) Capital contributed or withdrawn by shareholders					-2,405,460,973.26					-	128,940,844.93	-2,276,520,128.33
1. Capital contributed by shareholders					-2,405,460,973.26						131,615,862.00	-2,273,845,111.26
2. Capital contributed by holders of other equity instruments												
3. Share-based payment recorded in shareholders' equity												
4. Others											-2,675,017.07	-2,675,017.07
(iii) Profit distribution												
1. Withdrawn of surplus reserve												
2. Distribution to shareholders												
3. Others												
(iv) Transfer within shareholders' equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Recovery of loss with surplus reserve												
4. Change of defined benefit plan carried forward to retained earning												
5. Other comprehensive income carried forward to retained earning												
6. Others												
(v) Special reserve												
1. Provision for the period												
2. Utilization for the period												
(vi) Others												
IV. Closing balance for the period	950,000,000.00				-		-		69,236,497.90	5,353,637,774.42	2,251,762,091.16	8,624,636,363.48

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Consolidated Statement of Change in Equity

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Amount for the previous period											
	Equity attributable to shareholders of parent company									Minority interests	Total shareholders' equity	
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve			Undistributed Profit
preferred shares		Perpetual bonds	Others									
I. Closing balance for the previous period	950,000,000.00				2,366,724,399.80		3,255,018.27		69,236,497.90	5,067,845,653.00	2,512,351,187.33	10,969,412,756.30
Add: Effect of changes in accounting policies												
Correction of errors in the prior period												
Business combination under common control												
Others												
II. Opening balance for the period	950,000,000.00				2,366,724,399.80		3,255,018.27		69,236,497.90	5,067,845,653.00	2,512,351,187.33	10,969,412,756.30
III. Increase/decrease for the period ("-" indicating decrease)					38,736,573.46		-512,523.16			285,792,121.42	-389,529,941.10	-65,513,769.38
(i) Total comprehensive income							-512,523.16			285,792,121.42	198,664,881.28	483,944,479.54
(ii) Capital contributed or withdrawn by shareholders					38,736,573.46						-588,194,822.38	-549,458,248.92
1. Capital contributed by shareholders					38,736,573.46						-588,194,822.38	-549,458,248.92
2. Capital contributed by holders of other equity instruments												
3. Share-based payment recorded in shareholders' equity												
4. Others												-
(iii) Profit distribution												
1. Withdrawn of surplus reserve												
2. Distribution to shareholders												
3. Others												
(iv) Transfer within shareholders' equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Recovery of loss with surplus reserve												
4. Change of defined benefit plan carried forward to retained earning												
5. Other comprehensive income carried forward to retained earning												
6. Others												
(v) Special reserve												
1. Provision for the period												
2. Utilization for the period												
(vi) Others												
IV. Closing balance for the period	950,000,000.00				2,405,460,973.26		2,742,495.11		69,236,497.90	5,353,637,774.42	2,122,821,246.23	10,903,898,986.92

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Balance Sheet

December 31, 2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Closing balance	Opening balance
Current assets:			
Monetary capital		-	127,614,841.15
Transaction financial assets			
Derivative financial assets			
Bills receivable			
Accounts receivable		-	11,317.39
Accounts receivable financing			
Prepayments		-	62,010,552.06
Other receivables	XIII, 1	-	4,784,847,800.88
Including: interests receivable			
Dividends receivable			
Inventories		-	78,690.00
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		-	614,613,714.36
Total current assets		-	5,589,176,915.84
Non-current assets:			
Debt investment		-	29,752,351.00
Other debt investment			
Long-term receivables			
Long-term equity investment	XIII, 2	-	2,075,901,494.26
Other equity instrument investment			
Other non-current financial assets			
Investment properties			
Fixed assets		-	778,164,820.84
Construction in progress			
Productive biological assets			
Right-of-use assets			
Oil and nature gas assets			
Intangible assets		-	265,396,788.73
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		-	3,149,215,454.83
Total assets		-	8,738,392,370.67

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Balance Sheet (continued)

December 31, 2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		-	29,940,000.00
Transaction financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		-	2,623,565.60
Receipts in advance			
Contract liabilities		-	268,181.50
Salaries payable		-	1,003,155.84
Taxes payable		-	3,276,002.07
Other payables		-	2,289,747,888.35
Including: interests payable			311,160,226.23
Dividends payable			
Hold-for-sales liabilities			
Non-current liabilities due within one year		-	600,000,000.00
Other current liabilities		-	16,090.89
Total current liabilities		-	2,926,874,884.25
Non-current liabilities:			
Long-term borrowings			
Bonds payable		-	1,711,920,000.00
Including: preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		-	1,420,379,685.78
Long-term salaries payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		-	3,132,299,685.78
Total liabilities		-	6,059,174,570.03
Shareholders' equity:			
Paid-in capital		-	950,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserve		-	1,129,242,812.58
Less: Treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		-	69,236,497.90
General risk reserve			
Undistributed Profit		-	530,738,490.16
Total shareholders' equity		-	2,679,217,800.64
Total liabilities and shareholders' equity		-	8,738,392,370.67

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Income Statement

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Amount for the period	Amount for the previous period
I. Operating revenue		-	6,718,642.32
Less: Operating costs			
Business tax and surcharges		-	2,218,454.08
Selling expenses			
Administrative expenses		-	67,764,996.28
Research and development expenses			
Finance expenses		-	55,117,636.23
Including: interest expenses		-	227,257,980.10
Interest income		-	290,448,143.40
Add: Other income			
Investment income ("-indicating losses)		-	
Including: Gains from investments in associates and joint ventures			
Gains from changes in fair value ("-indicating losses)			
Credit impairment losses ("-indicating losses)		-	-252,546.82
Asset impairment losses ("-indicating losses)			
Gains from disposal of assets ("-indicating losses)		-	
II. Operating profit ("-indicating loss)		-	-118,634,991.09
Add: Non-operating income		-	30,368,366.19
Less: Non-operating expenses		-	4,123,366.02
III. Total profit ("-indicating loss)		-	-92,389,990.92
Less: Income tax expenses			
IV. Net profit ("-indicating net loss)		-	-92,389,990.92
(I) Net profit from continuing operation ("-indicating net loss)		-	-92,389,990.92
(II) Net profit from discontinued operation ("-indicating net loss)			
V. Other comprehensive income net of tax			
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss			
1. Re-measurement of change in net liabilities or assets of defined benefit scheme			
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss under equity			
3. Change in fair value of other equity instrument investment			
4. Change in fair value of enterprise's own credit risk			
5. Others			
(II) Other comprehensive income that will subsequently be reclassified to profit and loss			
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under			
2. Change in fair value of other debt investment			
3. Amount of financial assets that will be reclassified to and included in other comprehensive income			
4. Reserve for risk impairment of other debt investment			
5. Cash flow hedge reserve			
6. Exchange differences from translation of financial statements denominated in foreign currencies			
VI. Total comprehensive income		-	-92,389,990.92
VII. Earning per share			
(I) Basic earning per share			
(II) Diluted earning per share			

Legal representative:

Comptroller

principal:

Leading member of the accounting

Cash Flow Statement

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	Amount for the period	Amount for the previous period
I. Cash flows from operating activities			
Cash receipts from sale of goods or rendering of services		-	6,975,506.43
Receipts from tax refunds			2,563,947.69
Other cash receipts relating to operating activities		-	30,368,366.19
Sub-total of cash inflows from operating activities		-	39,907,820.31
Cash payments for goods purchased and services rendered		-	
Cash paid to and on behalf of employees		-	12,627,756.30
Payments of all types of taxes		-	2,307,966.10
Other cash payments relating to operating activities		-	388,190,873.84
Sub-total of cash outflows from operating activities		-	403,126,596.24
Net cash flows from operating activities		-	-363,218,775.93
II. Cash flows from investment activities			
Cash receipts from recovery of investments		-	
Cash receipts from investment income			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		-	
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts relating to investing activities		-	
Sub-total of cash inflows from investing activities		-	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		-	205,073.83
Cash payments to acquire investments		-	510,463,893.80
Net cash payments to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		-	510,668,967.63
Net cash flows from investing activities		-	-510,668,967.63
III. Cash flows from financing activities			
Cash receipts from absorption of investments			
Cash receipts from borrowings		-	
Cash receipts from issuance of bonds			
Other cash receipts relating to financing activities		-	1,807,779,395.65
Sub-total of cash inflows from financing activities		-	1,807,779,395.65
Cash payments for settlement of debts		-	500,010,000.00
Cash payments for distribution of dividends or profit and repayment of interests		-	190,133,298.43
Other cash payments relating to financing activities		-	168,575,000.00
Sub-total of cash outflows from financing activities		-	858,718,298.43
Net cash flows from financing activities		-	949,061,097.22
IV. Effect of changes in foreign exchange rate on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-	75,173,353.66
Add: Opening balance of cash and cash equivalents		-	49,393,053.96
VI. Closing balance of cash and cash equivalents		-	124,566,407.62

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Statement of Change in Equity

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Amount for the period										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed Profit	Total shareholders' equity
		preferred shares	Perpetual bonds	Others							
I. Closing balance for the previous period	950,000,000.00				1,129,242,812.58				69,236,497.90	530,738,490.16	2,679,217,800.64
Add: Effect of changes in accounting policies											
Correction of errors in the prior period											
Others											
II. Opening balance for the period	950,000,000.00				1,129,242,812.58				69,236,497.90	530,738,490.16	2,679,217,800.64
III. Increase/decrease for the period ("-" indicating decrease)											
(i) Total comprehensive income										-	-
(ii) Capital contributed or withdrawn by shareholders											
1. Capital contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Share-based payment recorded in shareholders' equity											
4. Others											
(iii) Profit distribution											
1. Withdrawn of surplus reserve											
2. Distribution to shareholders											
3. Others											
(iv) Transfer within shareholders' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Recovery of loss with surplus reserve											
4. Change of defined benefit plan carried forward to retained earning											
5. Other comprehensive income carried forward to retained earning											
6. Others											
(v) Special reserve											
1. Provision for the period											
2. Utilization for the period											
(vi) Others											
IV. Closing balance for the period	950,000,000.00				1,129,242,812.58				69,236,497.90	530,738,490.16	2,679,217,800.64

Legal representative:

Comptroller principal:

Leading member of the accounting body:

Statement of Change in Equity

2023

Prepared by: Shandong Sanxing Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Amount for the previous period										
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed Profit	Total shareholders' equity
		preferred shares	Perpetual bonds	Others							
I. Closing balance for the previous period	950,000,000.00				1,129,242,812.58				69,236,497.90	623,128,481.08	2,771,607,791.56
Add: Effect of changes in accounting policies											
Correction of errors in the prior period											
Others											
II. Opening balance for the period	950,000,000.00				1,129,242,812.58				69,236,497.90	623,128,481.08	2,771,607,791.56
III. Increase/decrease for the period ("-" for decrease)										-92,389,990.92	-92,389,990.92
(i) Total comprehensive income										-92,389,990.92	-92,389,990.92
(ii) Capital contributed or withdrawn by shareholders											
1. Capital contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Share-based payment recorded in shareholders' equity											
4. Others											
(iii) Profit distribution									-	-	
1. Withdrawn of surplus reserve											
2. Distribution to shareholders											
3. Others											
(iv) Transfer within shareholders' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Recovery of loss with surplus reserve											
4. Change of defined benefit plan carried forward to retained earning											
5. Other comprehensive income carried forward to retained earning											
6. Others											
(v) Special reserve											
1. Provision for the period											
2. Utilization for the period											
(vi) Others											
IV. Closing balance for the period	950,000,000.00				1,129,242,812.58				69,236,497.90	530,738,490.16	2,679,217,800.64

Legal representative:

Comptroller principal:

Leading member of the accounting body:

I. Company Profile

1. Place of registration, organizational structure and address of head office of the Company

Shandong Sanxing Group Co., Ltd. (the “Company”), previously known as Zouping Sanxing Group Limited, was incorporated on 24 April 2003 based on capital contributions from 12 natural persons including Wang Mingfeng (王明峰), Wang Mingxing (王明星) and Wang Mingliang (王明亮). The unified social credit code of the business license for the legal entity is 913716267526681851. In September 2005, Zouping Sanxing Group Limited was renamed as Shandong Sanxing Group Co., Ltd. The original registered capital of the Company amounted to RMB50 million. In 2011, the Company increased the registered capital by RMB450 million according to the relevant resolution of the shareholders' general meeting, and after which its registered capital was changed to RMB500 million. In 2015, the Company increased its capital for a second time by RMB450 million according to the relevant resolution of the shareholders' general meeting, and after which its registered capital was changed to RMB950 million. The Company has Wang Mingfeng as its legal representative and is located at Handian Industrial Park, Zouping County, Shandong Province.

2. Business scope

Business scope of the Company: research and development, production and sales of corn oil, other edible oil, and condiments; research and development, production (non-smelting) and sales of novel materials and industrial materials for aluminum alloy, smart equipment for automobiles, lightweight transportation vehicles for commercial purpose; catering service (run by its branches only); the import and export of goods and technology with the registered scope. (If any of the above business requires approval according to the law, the business shall only be conducted after obtaining such approval).

3. Approval relating to the financial statements

The financial statements have been resolved and approved by the Board of Directors of the Company on 26 April 2024.

4. Subsidiaries included in the consolidation scope

Subsidiaries included into the consolidation scope during the period amounted to 42. For details,

please see "Note VIII. Interests in Other Entities". When compared with last year, 6 subsidiaries were increased and 1 were decreased from the consolidation scope during this year. For details, please see "Note VII. Change of the Consolidation Scope".

5. Principal business segments

Principal business segments: Deep processing of corn, production of oil and fat products; machinery manufacturing; textile processing; high-strength light-weight industrial extrudates.

II. Preparation Basis of the Financial Statements

The financial statements are prepared on an assumed going concern basis, in light of actual transactions and matters, and in accordance with the Accounting Standards for Business Enterprises - Basic Standard issued by the Ministry of Finance (issued by No. 33 Decree of the Ministry of Finance and amended by No. 76 Decree of the Ministry of Finance) and 42 specific accounting standards, its application guidance and interpretations, and other relevant disclosure regulations (collectively referred to as the "Accounting Standards for Business Enterprises" or "ASBEs") promulgated and revised on 15 February 2006 and thereafter.

According to the relevant provisions of the ASBEs, the Company adopts an accrual accounting basis. The financial statements are reported at historical cost except for certain financial instruments. If assets are impaired, relevant impairment provisions are made in accordance with relevant standards.

III. Statement of compliance with ASBEs

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and have truly and completely reflected the information on consolidated financial positions and financial positions of parent company as of 31 December 2023 of the Company as well as the consolidated operation results and cash flow and operation results and cash flow of parent company for 2023 of the Company, etc.

IV. Significant Accounting Policies and Accounting Estimates

According to the characteristics of actual production or operation and the provisions of relevant ASBEs, the Company and its subsidiaries have formulated a number of specific accounting policies

and accounting estimates for transactions and matters including provision for bad debts of receivables, depreciation of fixed assets, amortization of intangible assets, and revenue recognition.

1. Accounting period

The Company's accounting periods are divided into annual and interim periods. An interim period refers to a reporting period less than a full accounting year. The accounting period of the Company is the calendar year that starts from 1 January and ends on 31 December.

2. Operating cycle

The normal operating cycle refers to the period from purchasing the assets for processing to realize the cash or cash equivalents. The operating cycle consists of 12 months which is the standard of the classification for the liquidity of the assets and liabilities.

3. Recording currency

RMB is the currency used in the major economic environment where the Company and its domestic subsidiaries operate. The recording currency of the Company and its domestic subsidiaries is RMB. The currency used by the Company in preparing this financial statements is RMB.

4. Business combinations under common control and other than common control accounting treatment

A business combination refers to the transaction or matter in which one reporting subject formed due to the combination of two or above separate entities. A business combination can be classified as the combination under common control and not under common control.

(1) Business combination involving entities under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that obtains the control of the other parties on the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquirer effectively obtains the control of the acquirees.

Assets and liabilities obtained by the acquirer in a business combination shall be measured at their book value at the combination date as recorded by the acquirees. The difference between the book value of the net assets obtained and the book value of the consideration paid by the acquirer for the

combination (or the aggregate par value of the issued shares) shall be adjusted to share premium under capital reserve (or capital premium); if the share premium under capital reserve (or capital premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Expenses directly attributable to the business combination by the acquirer are recognized to the profit and loss for the period in which they are incurred.

(2) Business combination involving entities not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not under common control, the party that obtains the control of the other parties on the acquisition date is the acquirer; other parties involving in the business combination are the acquirees. The acquisition date is the date on which the acquirer effectively obtains control of the acquirees.

For a business combination not under common control, the combination costs include the assets paid by the acquirers on the day of purchase to obtain control over the acquirees, the liabilities incurred or assumed, and the fair value of the equity securities issued, which is the result of the business combination. Agency fees, such as audits, legal services, assessments and other administrative expenses are recognized in profit or loss for the period when incurred. Transaction fees of equity securities or debt securities issued by the acquirer as consideration for a business combination are included in the initially recognized amount of equity securities or debt securities. Contingent consideration involved is recorded as the combination cost at its fair value on the acquisition date. Should any new or further evidence in relation to the circumstances existing on the acquisition date arise within 12 months after the acquisition date, making it necessary to adjust the contingent consideration, the goodwill arising from the business combination shall be adjusted accordingly. The cost of combination incurred and identifiable net assets obtained by the acquirer in a business combination are measured at fair value on the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognized as goodwill. Where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the measurement of the fair value of the identifiable assets, liabilities and contingent liabilities

obtained of the acquiree and the combination cost shall be reviewed first; where, after review, the combination cost is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognized in profit or loss for the period.

In relation to the deductible temporary difference acquired from the acquiree, which was not recognised as deferred tax assets due to non-fulfillment of the recognition criteria at the date of the acquisition, if new or further information obtained within 12 months after the acquisition date indicates that the related conditions at the acquisition date already existed, and that the realization of the economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date can be expected, the relevant deferred tax assets shall be recognized and goodwill shall be deducted accordingly. When the amount of goodwill is less than the deferred tax assets that shall be recognized, the difference shall be recognized in the profit or loss for the period. Except for the above circumstances, deferred tax assets in relation to business combination are recognized in the profit or loss for the period.

For a business combination involving entities not under common control that is achieved in stages, the Company shall determine whether the business combination shall be treated as "a bundle of transactions" in accordance with the determination standards as contained in the Circular on the Publishment of Interpretation No. 5 on Accounting Standards for Business Enterprises issued by the Ministry of Finance (Cai Kuai [2012] No. 19) and Section 51 of Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements (See section 5(2) under IV). Where the business combination is treated as "a bundle of transactions", the business combination shall be accounted for in accordance with the previous paragraphs and section 14 "Long-term equity investment" under IV; where the business combination does not fall within "a bundle of transactions", the certain financial statements and the consolidated financial statements shall be accounted for as follows:

In certain consolidated financial statements, the initial costs of the investment are the sum of book value of equity interests in the acquiree hold by the acquirer prior to acquisition date and the amount of additional investment made to the acquiree at acquisition date of the equity; If the equity interests hold by the acquirer in the acquiree involve other comprehensive income before the acquisition date, the other comprehensive income related to such investment shall be accounted for in accordance with the same basis as that of the acquire adopts in directly disposing of the relevant assets or liabilities. (ie.

the equity interests shall be transferred to the investment income for the period, except for the part to be accounted for with equity method due to changes arising from the acquiree's re-measurement of net liabilities or net assets of the defined benefit plans)

In the consolidated financial statements, the equity interests in the acquiree held by acquirer prior to acquisition date shall be re-measured at fair value at the acquisition date; the difference whereby the fair value exceeds the book value shall be recognized in investment profit for the period; If the equity interests held by the acquirer in the acquiree involve other comprehensive income before the acquisition date, such other comprehensive income shall be accounted for in accordance with the same basis as that of the acquire adopts in directly disposing of the relevant assets or liabilities (i.e. the equity interests shall be transferred to the investment income for the period in which the acquisition date falls, except for the part to be accounted for with equity method due to changes arising from the acquiree's re-measurement of net liabilities or net assets of the defined benefit plans).

5. Preparation of consolidated financial statements

(1) Criteria for the recognition of scope of consolidated financial statements

The scope of consolidation of consolidated financial statements is ascertained on the basis of control. Control refers to the power over the investee, share of or entitlement to the risk exposure or rights of reward of variable returns, and the ability to affect the amount of such returns by using its power over the investee. The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries, which are defined as entities controlled by the Company. Subsidiaries are entities controlled by the Company.

Once any change in the facts and circumstances arises which leads to a change in the elements involved in the definition of control, the Company will conduct a reassessment.

(2) Preparation of consolidated financial statements

Subsidiaries are consolidated from the date on which the Company obtains their net assets and actual control over their operating decisions, and are deconsolidated from the date when such control ceases. For subsidiaries being disposed, the operating results and cash flows prior to the date of disposal are duly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed during the period, the opening balances of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination not under common control,

their operating results and cash flows subsequent to the acquisition date are included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures in the consolidated financial statements would not be restated. For subsidiaries acquired from a business combination under common control and acquirees from a merger by absorption, their operating results and cash flows from the date of commencement of the period in which the combination occurred to the date of combination are included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements would be restated.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination not under common control, their financial statements are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealized profits are offset in preparing the consolidated financial statements.

The portion of a subsidiary's equity and the portion of a subsidiary's net profits and losses for the period not attributable to the Company are recognized as minority interests and profits and losses attributable to minority interests respectively, which are presented under shareholders' equity and net profit separately, in the consolidated financial statement. A subsidiary's net profit and loss for the period attributable to minority interests is recognized as "share of profit or loss of minority interests" under net profit in the consolidated income statement. When the amount of a subsidiary's loss attributable to the minority shareholders exceeds the minority shareholders' share of the opening balance of shareholders' equity of the subsidiary, the excess is deducted from the minority interests.

In event of loss of control over a former subsidiary due to disposal of certain equity investments or other reasons, any retained equity is re-measured at its fair value as of the date when the control is lost. The surplus of the aggregate considerations received upon disposal of equity plus the fair value of any retained equity less the share of net assets in the former subsidiary calculated cumulatively from the acquisition date based on the original shareholding percentage is included in the investment income

for the period where the control is lost. Other comprehensive income associated with equity investment in the former subsidiary shall be accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities (that is, shall be transferred to investment income for the period in which control is lost, except the changes arising from the re-measurement of the former subsidiary's the net assets or net liabilities of the defined benefit plan). Then, the remaining equity shall be measured subsequently in accordance with the Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments or Accounting Standards for Business Enterprises No. 22 - The Recognition and Measurement of Financial Instruments and other regulations. For details, please see section 11 "Long-term Equity Investment" or section 8 "Financial Instruments" under IV.

For disposal of the Company's equity investments in a subsidiary in phases through multiple transactions until loss of control, it is determined based on whether such transactions should be regarded as a bundle of transactions. If the terms, conditions and economic effects of all transactions are conducted for the purpose of disposing of the equity investments in a subsidiary and meet the following one or more criteria, it is usually shown that such multiple transactions are deemed as a bundle of transactions for accounting treatment:①these transactions were entered into at the same time or upon the consideration of the effects there between; ②these transactions can only generate one complete business result when conducted all together; ③the occurrence of one transaction depends on the occurrence of at least one other transaction; and ④one transaction alone is not economical, but is economical when considered with other transactions. When the transactions do not constitute a bundle of transactions, each transaction thereof shall be accounted in accordance with principles applicable to the “disposal of part of long-term equity investments in a subsidiary that does not result in the loss of control” (please see section 11 (2) ④ under IV for details) and “loss of control over a former subsidiary due to disposal of certain equity investments or other reasons” (please see previous paragraph for details). If such transactions fall under a bundle of transactions, those transactions are accounted for as one deal under which the subsidiary is disposed of and control is lost. However, before the control over the subsidiary is lost, the surplus between consideration received for each disposal and the value of corresponding share of net assets in the subsidiary entitled by the investment underlying the disposal shall be recognized as other comprehensive income in the consolidated financial statements, and, when control is lost, converted into investment income or loss for the period in which control is lost.

6. Recognition standard of cash and cash equivalents

Cash and cash equivalents of the Company include cash on hand, deposit on demand for payment and short-term (generally due in three months from the acquisition date), highly-liquid investments that can be readily converted to cash and are subject to an insignificant risk of change in value.

7. Foreign currency transactions and translation of financial statements dominated in foreign currency**(1) Translation of foreign currency transactions**

At initial recognition, foreign currency transactions incurred in the Company are translated into the functional currency at the spot exchange rate (generally the median exchange rate on that day, quoted by the People's Bank of China, the same below) on the date of transaction. However, foreign currency exchange business or transactions involving foreign currency exchange incurred in the Company are translated into the functional currency at the prevailing exchange rate.

(2) Translation of monetary and non-monetary items denominated in foreign currency

On the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences, except those included in other comprehensive income, are included in profit or loss for the period.

Non-monetary items denominated in foreign currency that are measured at historical cost are translated into the functional currency at the spot exchange rate on the date of the transaction. Non-monetary items denominated in foreign currency that are measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. The difference between the amount in the functional currency and the amount in the original functional currency after translation is treated as a change in fair value (including the change in exchange rate) and included in profit or loss for the period or recognized as other comprehensive income.

(3) Translation of financial statements denominated in foreign currency

For the purpose of preparing consolidated financial statements involving foreign operations, the exchange differences arising from changes in exchange rates in relation to translation of foreign currency monetary items which effectively constitute a net investment in the foreign operation, are recognised as “exchange difference on translation of financial statements in foreign currency” in other comprehensive income, or upon disposal of the foreign operation, in profit or loss for the period.

The following displays the methods for translating financial statements in foreign currency of foreign

operations into the statements in RMB: The asset and liability items in the balance sheets are translated at the spot exchange rates on the balance sheet date. Under the owners' equity, the items other than "undistributed profits" are translated at the spot exchange rates at the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates at the transaction dates. Opening balance of undistributed profits is equal to the closing balance of undistributed profits after translation in the previous year; closing balance of undistributed profit is measured and presented based on the items in profit distribution after translation. The exchange difference arising from translation of the sum of assets, liabilities and equity items is recognised as the difference on translation of financial statements in foreign currency in other comprehensive income. Such exchange difference in relation to the foreign operation as shown under owners' equity in the balance sheet is recognised in profit or loss for the period in full or on a pro rata basis upon disposal of the foreign operation leading to a loss of control.

The cash flows in foreign currency and of overseas subsidiaries are translated at the spot exchange rates at the date the cash flows occur. The effect of exchange rate changes on cash is presented separately as an adjustment item in the cash flow statement.

The opening balance and the prior year's figures are presented as the balances after translation of the financial statements in the previous year.

On disposal of the entire owners' equity held in a foreign operation by the Company, or upon a loss of control over a foreign operation due to partial disposal of equity investment or other reasons, the exchange differences arising on translation of the financial statements in foreign currency in relation to that foreign operation, which are attributable to owners' equity of parent company as shown under owners' equity in the balance sheet, are recognised in profit or loss for the period in which the disposal took place.

In case of partial disposal of equity investment or other reason resulting in reduction in shareholding in a foreign operation without losing control over it, the exchange differences arising from the translation of financial statements in foreign currency in relation to the assets disposed will be attributable to minority interests and will not be recognised in profit or loss for the period. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the exchange differences arising from the translation of financial statements in foreign currency of the foreign

operation is reclassified to profit or loss for the period in which the disposal took place on a pro rata basis.

8. Financial instruments

A financial instrument is a contract that forms the financial assets of a party and forms the financial liabilities or equity instruments of other parties. A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument.

(1) Classification of financial instruments

The Company classifies financial assets into different categories depending on the business model for managing the financial assets and the contractual terms of cash flows of the financial assets: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income; and financial assets measured at fair value through profit or loss.

(2) Recognition and measurement of financial assets

Financial assets are initially recognised at fair value. For financial assets measured at fair value through profit or loss, the relevant transaction costs are recognised in profit or loss. The transaction costs for other financial assets are included in the initially recognised amount. However, accounts and notes receivables arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company.

① Financial assets measured at amortised cost

The Company's business model for managing financial assets measured at amortised cost are held for collection of contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, i.e. to give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company subsequently measures such financial assets at amortised cost using effective interest method, and the gains or losses from amortisation or impairment is recognised in profit or loss for the current period.

② Financial assets measured at fair value through other comprehensive income

The Company's business model for managing such financial assets is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Such financial assets are measured by the Company at fair value through other comprehensive income, but the impairment losses or gains, exchange gains or losses, and interest income calculated by effective interest method are recognised in profit or loss for the current period.

In addition, the Company designates certain equity instruments not held for trading as financial assets measured at fair value through other comprehensive income. The Company recognises the dividends

related to such financial assets in profit or loss for the current period and changes in fair value in other comprehensive income. Upon derecognition of such financial assets, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, and will not be included in profit or loss for the current period.

③ Financial assets at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive as financial assets measured at fair value through profit or loss for the current period. In addition, upon initial recognition, the Company designates some financial assets as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch. The Company subsequently measures such financial assets at fair value, and the changes in fair value are recognised in profit or loss for the current period.

(3) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the period. For other financial liabilities, relevant transaction costs are included in the amount initially recognised.

① Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities (including derivatives under financial liabilities) and financial liabilities designated as measured at fair value through profit or loss upon initial recognition.

Held-for-trading financial liabilities (including derivatives under financial liabilities) are subsequently measured at fair value, and the changes in fair value are recognised in profit or loss for the current period, except for those related to hedging accounting.

The changes in fair value attributable to the changes in the Company's own credit risk of the financial liabilities designated as measured at fair value through profit or loss are recognised in other comprehensive income, and the accumulated changes in fair value attributable to the changes in the Company's own credit risk which were recognised in other comprehensive income are transferred to retained earnings upon derecognition of such liabilities. The remaining changes in fair value are recognised in profit or loss for the current period. In case that the above accounting treatment for the effect of changes in such financial liabilities' own credit risk would create, or enlarge, an accounting mismatch, the Company will recognise all gains or losses (including the amount affected by the changes in the Company's own credit risk) of such financial liabilities in profit or loss for the current period.

② Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets not

satisfying derecognition criteria or continuous involvement of transferred financial assets and financial guarantee contracts liability, are classified as financial liabilities measured at amortised cost and are subsequently measured at amortised cost, and the gains or losses arising from derecognition or amortisation are recognised in profit or loss for the current period.

(4) Basis for recognition and measurement of transfer of financial assets

The financial asset will be de-recognised if any of the following conditions is satisfied: ① The contractual right to receive the cash flow of the financial asset is terminated; ② The financial asset has been transferred and substantially all of the risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred and the entity has waived the control over the financial asset although it has neither transferred nor retained substantially all of the risks and rewards of ownership of the financial asset.

Retained substantially all of the risks and rewards of ownership of the financial asset and not waived the control over the financial asset, the entity recognises the relevant financial asset to the extent of its continuous involvement in the financial asset transferred and recognises the relevant liability accordingly. The extent of the continuous involvement in the financial asset is the level of risk to which the entity exposes due to changes in the value of such financial asset.

If the transfer of an entire financial asset meets the conditions for derecognition, the difference between the book value of the transferred financial asset and the sum of the consideration received from the transfer and the accumulated changes in fair value previously recognised in other comprehensive income is recognised in profit or loss for the period.

If the partial transfer of a financial asset satisfies the conditions for derecognition, the book value of the transferred financial asset is allocated between the derecognised and non-derecognised portion at the corresponding fair value, and the difference between the sum of the consideration received from the transfer and the accumulated changes in fair value previously recognised in other comprehensive income and shall be allocated to the de-recognised portion and the abovementioned allocated book value is recognised in profit or loss for the period.

Where the Company disposes of the financial asset with the right of recourse or transfers the financial asset by endorsement, it shall be ascertained that substantially all the risks and rewards of ownership of the financial asset have been transferred. Where substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee, the financial asset are derecognised; where substantially all the risks and rewards of ownership of the financial asset have been retained, the financial asset are not derecognised; and where substantially all the risks and rewards of ownership of the financial asset have been neither transferred nor retained, it shall be determined whether the entity retains the control over the asset and the asset shall be accounted for in accordance with the above mentioned principles.

(5) Derecognition of financial liabilities

Financial liabilities (or a part thereof) are derecognised only when the present obligation is discharged in full or in part. An agreement is entered between the Company (debtor) and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognise the original financial liabilities as well as recognise the new financial liabilities. In case that the Company makes substantial changes to the contractual terms of the original financial liabilities (or a part thereof), the original financial liabilities are derecognised, and the new financial liabilities are recognised in accordance with the revised terms.

When financial liabilities (or a part thereof) are derecognised, the difference between the carrying amount of the financial liabilities derecognised and the consideration paid (including transferred non-cash assets or assumed financial liability) is recognised in profit or loss for the current period.

(6) Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be reported in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

(7) Determination of fair values for financial assets and financial liabilities

The fair value refers to the price that will be received when selling an asset or the price to be paid to transfer a liability in an orderly transaction between market participants on the date of measurement. For financial instruments that have an active market, fair value is determined based on the quoted price in such market. The quoted price in an active market refers to the price that is easily and regularly obtained from exchanges, brokers, industrial organisations and price fixing service organisations, representing the actual price of a market transaction that takes place in a fair deal. Where financial instruments do not have an active market, the fair value is determined using valuation techniques. Valuation techniques include, among others, reference to the prices reached in recent market transactions entered into by both willing parties with an informed view, and reference to present fair values of other substantially identical financial instruments, cash flow discounting method and option pricing models. During the valuation process, the Company uses valuation techniques appropriate to the prevailing circumstances with the support of sufficient data and other information available, selects inputs consistent with the characteristics of the assets or liabilities considered in the transactions of relevant assets or liabilities by market participants, and gives priority to relevant observable inputs. Unobservable inputs are used only when relevant observable inputs are not accessible or the access to which is impracticable.

(8) Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The issuance (including refinancing), repurchase, sale or cancellation of

equity instruments by the Company is accounted for movement in equity. Transaction costs related to equity transactions are deducted from equity. The Company does not recognise the movement in fair value of equity instruments.

The dividends distributed by the Company for its equity instruments (including the “interest” arising from the instruments classified as equity instruments) during the existence period are accounted for as profit distribution.

9. Impairment of financial instruments

The Company’s financial assets subject to recognition of impairment loss include financial assets at amortised cost, debt instruments at fair value through other comprehensive income and lease receivables, which mainly include bills receivable, accounts receivable, other receivables, debt investments, other debt investments, and long-term receivables. In addition, for contract assets and some financial guarantee contract, the Company shall make provisions for impairment and recognise the credit impairment loss in accordance with the accounting policies described in this section.

(1) Recognition method of impairment provision

Based on the expected credit loss, the Company makes impairment provisions for each of the above items with the measurement methods (being general approach or simplified approach) of expected credit loss applicable to them, and recognises their credit impairment loss.

Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Company discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls. In particular, the credit-impaired financial assets purchased or originated by the Company shall discount based on the credit-adjusted effective interest rate of such financial assets.

General approach for measuring expected credit loss means that the Company assesses whether credit risk of financial assets (including other applicable items such as contract assets) has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company measures loss provision based on the amount of expected credit losses for the entire duration of the life; if the credit risk has not increased significantly since the initial recognition, the Company measures the loss provision based on the amount of expected credit loss over the next 12 months. The Company considers all reasonable and evidenced information, including forward-looking information, when assessing expected credit loss.

For financial instruments with lower credit risk on balance sheet date, the Company assumes that their credit risk has not increased significantly since the initial recognition and chooses to measure loss provision based on the expected credit loss within the next 12 months/does not choose simplified treatment methods, but based on whether the credit risk has increased significantly since the initial recognition, and the amount of expected credit losses in the next 12 months or the entire duration of the period is used as the basis to measure the loss provision.

(2) Criteria for judging significant increases in credit risk after initial recognition

If a financial asset's probability of default within the expected duration of the life as determined on balance sheet date is significantly higher than its probability of default within the expected duration of the life as determined on initial recognition, this shows that the credit risk of such financial asset is significantly increased. Except for special circumstances, the Company adopts the changes in default risks within the next 12 months as reasonable estimates for changes in default risks within the entire duration of the life, so as to determine whether credit risk is significantly increase or not after initial recognition.

(3) Assessment method of expected credit loss on a portfolio basis

The Company conducts individual assessment on the credit risk of financial assets with obviously different credit risks. For examples, amounts due from related parties; assessment will be conducted on the receivables for which there are disputes, lawsuit or arbitration; the receivables for which there are obvious evidences showing that the debtor is not likely able to perform the repayment obligation, etc.

In addition to financial assets with individually assessed credit risks, the Company divides financial assets into different groups based on common risk characteristics, and assess their credit risks on a portfolio basis.

(4) Accounting treatment method of impairment of financial assets

As at the end of the period, the Company calculated the expected credit losses of various types of financial assets. If the expected credit loss is higher than the carrying amount of its current impairment provision, the difference is recognised as the impairment loss; if it is less than the carrying amount of the current impairment provision, the difference is recognised as the impairment gain.

(5) Determination method of credit losses of various types of financial assets

① Accounts receivables

For receivables that do not contain significant financing components, the Company measures loss provision based on the amount of expected credit losses equivalent to the entire duration of the life.

For receivables with significant financing components, the Company chooses to always measure the loss provision based on the amount of expected credit losses during the lifetime. The Company measures the impairment loss of accounts receivables at an amount equal to the ECLs in the next 12 months or the lifetime ECLs, depending on whether its credit risk has significantly increased upon initial recognition.

② Other receivables

The Company measures the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk of other receivables has increased significantly since the initial recognition.

③ In addition to other receivables that assess credit risk individually, they are classified into different

portfolios based on their credit risk characteristics:

a) Basis for determination of combinations

Portfolio name	a) Basis for determination of combinations
Portfolio 1: Related party portfolio	Grouped by receivables from affiliated companies within the scope of consolidation
Portfolio 2: Government unit portfolio	Grouped by receivables of government-related units with minimal probability of bad debts
Portfolio 3: Specific project portfolio	Grouped by various types of deposits and security deposits with low collectibility risk, and receivables subject to collection guarantees
Portfolio 4: Aging portfolio	Grouped by credit risk characteristics based on the age of accounts

b) Method of provisions for bad debts on portfolios

Portfolio name	Basis for determination of portfolios
Portfolio 1: Related party portfolio	No provision for bad debts is made for receivables from affiliated companies within the scope of consolidation
Portfolio 2: Government unit portfolio	No provision for bad debts is made for receivables not expected to be at collectibility risk
Portfolio 3: Specific project portfolio	No provision for bad debts is made for receivables not expected to be at collectibility risk
Portfolio 4: Aging portfolio	Provisions for bad debts is made using the aging analysis method

c) Method of provisions for bad debts of receivables portfolios by using the aging analysis method in portfolios

Aging	Percentage of provisions for accounts receivable (%)	Percentage of provisions for other receivables (%)
Within 1 year (inclusive, the same below)		
1-2 years	10.00	10.00
2-3 years	20.00	20.00
3- 4 years	30.00	30.00
4-5 years	50.00	50.00
above 5 years	100.00	100.00

10. Assets held for sale

(1) Recognition criteria for non-current assets or disposal groups held for sale

A non-current asset or disposal group will be classified under held-for-sale category where the Company recovers the carrying value of the non-current asset or disposal group mainly through the disposal of (including non-monetary assets exchange with commercial substance, the same below) them instead of the continuous use of them.

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held for sale:

Based on the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions;

The sale is very likely to happen, that is, the Company has already made a resolution on a sales plan and obtained a confirmed purchase commitment, and it is expected that the sale will be completed within one year. Approval has been obtained if the relevant regulations require the Company's relevant authorities or regulatory authorities to approve the sale.

A confirmed purchase commitment refers to the legally binding purchase agreement entered into between the Company and other parties, which contains important terms such as transaction price, time and strict penalty for breach of contract, so that the possibility of material adjustment or cancellation of the agreement is remote.

(2) Accounting treatment method for non-current assets or disposal groups held for sale

When the Company initially measures or re-measures the non-current assets or disposal groups held for sale on the balance sheet date, if the book value is higher than the net amount of fair value less selling expenses, the book value shall be written down to the net amount of fair value less selling expenses, and the amount written down shall be recognized as assets impairment loss and included in the current profit and loss, and the provision for impairment of assets held for sale shall be made at the same time.

- ①For fixed assets held for sale, the estimated net residual value of the fixed assets shall be adjusted so that the estimated net residual value of the fixed assets can reflect the amount of its fair value less disposal expenses, but shall not exceed the original book value of the fixed assets when the conditions for holding for sale are met. The difference between the original book value and the adjusted estimated net residual value shall be included in the current profit and loss as assets impairment loss. Fixed assets held for sale are not subject to depreciation and are measured at the lower of the net amount after deducting the disposal expenses from the book value and the fair value.
- ②Equity investment in an associate or a joint venture classified as held for sale shall cease to be accounted by using the equity method from the date when it is classified as held for sale.
- ③When the investment in a subsidiary to be disposed of will result in the Company losing control over the subsidiary, regardless of whether the Company retains a minority interest after the disposal, the Company will classify the investment in the subsidiary as a whole as held for sale in the parent company's separate financial statements when the investment in the subsidiary to be disposed of meets the conditions for classification as held for sale, and classify all the assets and liabilities of the subsidiary as held for sale in the consolidated financial statements.

(3) Accounting treatment when the recognition criteria for held-for-sale are no longer met

When an asset or a disposal group is classified as held for sale but no longer meets the recognition criteria for the fixed asset held for sale, the Company shall cease to classify it as held for sale and

measure it at the lower of:

- ①The amount of the book value of the asset or disposal group before being classified as held for sale, which is adjusted for depreciation, amortization or impairment that would have been recognized had the asset or disposal group not been classified as held for sale;
- ②The recoverable amount as at the date of the decision not to sell.

Where equity investments in associates or joint ventures that have been classified as held for sale no longer meet the conditions for the classification of assets held for sale, the Company shall apply the equity method to make adjustment retrospectively from the date on which it is classified as held for sale.

(4) Accounting treatment for other non-current assets held for sale

Other non-current assets such as intangible assets that meet the conditions for holding for sale shall be treated in accordance with the above principles. Other non-current assets referred to herein exclude deferred income tax assets, assets formed by employee remuneration, financial assets regulated by the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, investment properties and biological assets measured at fair value, and contractual rights arising from insurance contracts.

11. Inventories

(1) Category of inventories

The inventories mainly include raw material, work in progress and self-made semi-finished goods, finished goods, goods in stock, revolving material, etc.

(2) Pricing of inventories

Inventories are initially measured at actual cost. The cost of inventories includes procurement cost, processing cost and other costs. Inventories are measured by the weighted average method while requisitioned and delivered.

(3) Recognition of net realizable value of inventories and method of provisions for inventory impairment

The net realizable value of inventories refers to the estimated selling price deducted by estimated costs until they are made into finished goods, estimated selling expense and relevant taxes in daily activities. Net realizable value of inventories is on the basis of reliable evidence obtained and in consideration of the purpose for holding inventories and the effects of subsequent events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. The provisions for their impairment shall be made when the net realizable value is below the cost of

inventories. Provisions for inventory impairment is made on the basis of the difference whereby the cost of one single inventory item exceeds its net realizable value.

After making provisions for inventory impairment is made, if the factors that previously resulting in the impairment disappear, leading to the net realizable value of inventories higher than their book value, the impairment provisions for inventory shall be reversed from provisions previously made, and the reversed amount shall be recognized in the profit or loss for the period.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortization of low-value consumables and packaging materials

The low-value consumables and packaging materials are amortized by lump-sum while requisitioned.

12. Contract assets

(1) Recognition method and standards of contract assets

The contract assets refer to that the Group has transferred the right to receive the consideration for commodities to the customers, and such right depends on the factors other than the passage of time. If the Group sells two clearly distinguishable commodities to customers and has the right to receive money because one of the commodities has been delivered but the collection of the money depends on the delivery of the other commodity, the Group regards the right to receive money as a contract asset.

(2) Determination method and accounting treatment method of the expected credit loss of contract assets

The method for determining the expected credit loss of contract assets shall be described with reference to the above-mentioned bills receivable and accounts receivable.

Accounting treatment method: The Group calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the book amount of the current contract asset impairment provisions, the Group recognizes the difference as impairment loss, debits "asset impairment loss" and credits "contract asset impairment provisions". On the contrary, the Group recognizes the difference as impairment gain and makes opposite accounting records.

If the Company actually suffers credit losses and determines that the relevant contract assets cannot be recovered and are approved for write-off, it shall debit "contract assets impairment provisions" and credit "contract assets" according to the approved write-off amount. If the written-off amount is greater than the accrued loss provisions, the difference shall be debited to "asset impairment loss".

13. Contract cost

Method for determining the amount of assets related to contract cost

The Company's assets related to contract cost include contract performance cost and contract

acquisition cost.

Contract performance cost, that is, the cost incurred by the Company to perform the contract, which does not fall within the scope of other accounting standards for enterprises and meets the following conditions at the same time, is recognized as an asset as contract performance cost: the said cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), cost clearly borne by customers and other cost incurred only due to the contract; the said cost increases the Company's resources for fulfilling its performance obligations in the future; the said cost is expected to be recovered.

Contract acquisition cost, that is, the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, is recognized as an asset as the contract acquisition cost; if the amortization period of the said asset does not exceed one year, it shall be included in the profit or loss for the period when incurred. Incremental cost refers to the cost (such as sales commission) that will not be incurred if the Company does not acquire the contract. Other expenditures (such as travel expenses incurred regardless of whether the contract is acquired or not) incurred by the Company to obtain the contract, except the incremental costs expected to be recovered, are included in the profit or loss for the period when incurred, except those explicitly borne by the customer.

(1) Amortization of assets related to contract cost

The Company's assets related to contract costs are amortized on the same basis as the recognition of commodity revenue related to the said assets and included in the profit or loss for the period.

(2) Impairment of assets related to contract cost

When determining the impairment loss of assets related to contract costs, the Company first determines the impairment loss of other assets related to contracts recognized in accordance with other relevant accounting standards for enterprises; then, if its book value is higher than the difference between the remaining consideration expected to be obtained by the Company due to the transfer of commodities related to the asset and the estimated cost to be incurred for the transfer of the related commodities, the excess shall be provided for impairment and recognized as asset impairment loss.

If the difference between the above two items is higher than the book value of such assets due to changes in the impairment factors in the previous periods, the assets impairment provision withdrawn originally shall be reversed and included into the current profits and losses, but the book value of the reversed assets shall not receivables exceed the book value of such assets on the date of reversal assuming that the impairment provision is not withdrawn.

14. Long-term equity investment

Long-term equity investment in this section refers to any equity investment by which the Company has control, common control or significant influence over the investee. Otherwise, it shall be

accounted for as available-for-sale financial assets or financial assets at FVTPL, the accounting policies of which are detailed in section 8 "Financial Instruments" under Note IV.

Common control is the Company's contractually agreed sharing of control over an arrangement, the activities under which must be decided by unanimous agreement from parties who share the control. Significant influence is the power of the Company to participate in the decision-making for financial and operating policies of an investee, but not to control or common control the formulation of such policies together with other parties.

(1) Determination of investment cost

For long-term equity investments acquired in a business combination under common control, the initial investment cost is determined on the date of combination according to the portion of the book value of owners' equity of the combined party as set forth in the consolidated financial statements of the ultimate controlling party. The difference between the said initial investment cost and the sum of cash being paid, non-cash assets being transferred and book value of liabilities being assumed shall be adjusted against the capital reserve; or, in case of insufficient capital reserve to cover the difference, against the retained earnings accordingly. In case that the consideration of the business combination is satisfied by issuing equity securities, the initial investment cost of the long-term equity investment is determined on the date of combination according to the portion of the book value of owners' equity of the combined party as set forth in the consolidated financial statements of the ultimate controlling party. With the sum of par values of shares being issued as the share capital, the difference between the said initial investment cost and the sum of par values of shares being issued shall be adjusted against the capital reserve; or, in case of insufficient capital reserve to cover the difference, against the retained earnings accordingly.

Where a business combination under common control is achieved by acquiring the equity of a combined party under common control in phases through multiple transactions, following policies shall apply depending on whether those transactions are "a bundle of transactions": if so, such a bundle of transactions shall be accounted for as one deal to obtain the control; if not, the initial investment cost of the long-term equity investment shall be determined on the date of combination according to the attributable portion of the book value of owners' equity of the combined party as set forth in the consolidated financial statements of the ultimate controlling party, while the difference between the initial investment cost of a long-term equity investment and the sum of book value of the

long-term equity investment before combination and that of consideration newly paid to acquire additional equities on the date of consolidation shall be adjusted against the capital reserve, or, in case of insufficient capital reserve to cover the difference, against retained earnings accordingly. Accounting treatment is temporarily not required for other comprehensive income that has been recognized due to the adoption of equity method in accounting or the classification as available-for-sale financial assets in respect of equity investments held before the date of combination.

For long-term equity investments acquired in a business combination not under common control, the initial investment cost is the cost of combination on the date of acquisition which equals to the aggregate fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer. Where a business combination not under common control is achieved by acquiring the equity of a combined party in phases through multiple transactions, following policies shall apply depending on whether those transactions are “a bundle of transactions”: if so, such a bundle of transactions shall be accounted for as one deal to obtain the control; if not, the initial investment cost of the long-term equity investment that is re-accounted for using the cost method shall be the sum of book value of long-term equity investments previously held by the acquirer in the acquiree and new investment cost. Accounting treatment is temporarily not required for other comprehensive income in respect of equity investments that have been accounted for using equity method, while the difference between the fair value and book value of equity investments that have been classified as available-for-sale financial assets and the accumulated fair value changes recorded in the other comprehensive income previously shall be recognized in profit or loss for the period.

The intermediary expenses on items such as audit, legal service and valuation advisory for business combination and other related administrative expenses incurred by the combining party or acquirer are recognized in profit or loss for the period upon their incurrence.

Other equity investments other than long term equity investments formed by business combination shall be initially measured at cost which shall be determined, according to the way of acquiring the long term equity investment, by considering (if applicable) the amount of actual cash paid by the Company, the fair value of the equity securities issued by the Company, the conventional value stipulated in the investment contract or agreement, the fair value or original book value of the assets surrendered in the non-monetary assets swap transaction, the fair value of the long-term equity

investment itself, and etc., respectively. The expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment are also included in the investment cost. For long-term equity investments that additional investments could entitle the Company with significant influence or common control but not control over the investee, their costs shall be the sum of fair value of equity investments that have been held plus new cost of investment pursuant to the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instrument.

(2) Subsequent measurement and recognition method for profits and losses

A long-term equity investment with common control (excluding that constituting a joint venture) over or significant influence on the investee is accounted for by using equity method, and a long-term equity investment with control over the investee is accounted for in the Company's financial statements by using cost method.

① Long-term equity investments accounted for with cost method

When a long-term equity investment is accounted for with cost method, its price is measured at initial investment cost, and where the long-term equity investment is added or disposed, its cost is adjusted accordingly. The cash dividend or profit declared by the investee and attributable to the acquirer, except for the cash dividend or profit declared but not yet granted that is included in the price or consideration actually paid upon the acquisition of the investment, shall be recognized as investment income for the period.

② Long-term equity investment accounted for with equity method

When a long-term equity investment is accounted for with equity method and its initial investment cost is higher than the proportion of fair value of the investee's identifiable net assets attributable to the investor because of the investment, its initial cost shall not be adjusted; if lower, the difference shall be recognized in profit or loss for the period, and its cost shall be adjusted accordingly.

When a long-term equity investment is accounted for with equity method, the investment income and other comprehensive income arising therefrom are recognized in accordance with the proportion of net profit or loss and other comprehensive income of the investee attributable to the investor, and the book value of long-term equity investment is adjusted accordingly; if any profit or cash dividend is declared by the investee, the book value of long-term equity investment shall be reduced according to the part of profit or dividends attributable to the investor; if there is any other changes in shareholders'

equity other than net profit or loss, other comprehensive income and profit distribution of the investee, such change shall be adjusted against the book value of long-term equity investment and recognized in the capital reserve. The Company recognizes its share of the investee's net profit or loss based on fair value of the investee's identifiable assets at the time of acquisition, after making appropriate adjustments on the investee's net profit. In case of any inconsistency between the accounting policies and accounting periods adopted by the investee and by the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the gain on investment and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Company and its associates and joint ventures in which the assets invested or disposed of are not part of the business, the share of unrealized gain or loss arising from inter-group transactions shall be offset by the portion attributable to the Company, and the gain or loss on investment shall be recognized accordingly. However, any unrealized loss arising from inter-group transactions between the Company and an investee is not offset to the extent that the loss is impairment loss of the assets transferred. Where the Company invests to its joint ventures or associates an asset forming part of a business, giving rise to the acquisition of a long-term equity investment by the investor without obtaining control, the initial investment cost of the additional long-term equity investment shall be recognized at fair value of the business invested, and the difference between initial investment cost and book value of the business invested will be fully included in profit or loss for the period. Where the Company disposes of an asset forming part of a business to its associates or joint ventures, the difference between the consideration received and the book value of the business shall be fully included in profit or loss for the period. Where the Company acquires from its associates or joint ventures an asset forming part of a business, the profit or loss related to the transaction shall be accounted for and recognized in accordance with Accounting Standards for Business Enterprises No. 20 – Business Combination.

The Company's share of net loss of the investee shall be recognized to the extent that the book value of the long-term equity investment and any long-term equity that substantially forms part of the investor's net investment in the investee are written down to zero. If the Company has to assume additional obligations to the loss of the investee, the estimated liabilities shall be recognized for the estimated obligation assumed and charged to the profit or loss as investment loss for the period. Where the investee makes profits in subsequent periods, the Company shall re-recognize its share of the profits after setting off against the share of unrecognized losses.

③ Acquisition of minority interests

When preparing the consolidated financial statements, the difference between the increase in the costs of long-term equity investment arising from acquisition of minority interests and the share of the net assets of the subsidiary accrued from the acquisition date (or consolidation date) based on the new shareholdings proportion, shall be offset by capital reserve. If the capital reserve is not sufficient to offset the difference, the rest shall be offset by retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statements, if the parent company disposes part of the long-term equity investment in the subsidiary without losing its control, the difference between the consideration received and the shares of the net assets of the subsidiary attributable to the disposal of the long-term equity investment is recognized in the shareholders' equity; if the parent company disposes part of the long-term equity investment in the subsidiary resulting in the loss of its control over the subsidiary, the accounting treatment shall be in accordance with the policies as set out in section 5 (2) "Preparation of consolidated financial statements" under this Note IV.

Under other means of disposals of a long-term equity investment, the difference between the book value of the disposed investment and the consideration received is recognized in the profit or loss for the period.

If the equity method is still adopted after the disposal of the rest equity, it shall adopt the same accounting policies for the portion of other comprehensive income previously included in owner's equity as the investee directly disposing the relevant asset or liability on pro rata basis at the time of disposal. For other changes of the owners' equity other than net profit or loss, other comprehensive income and profit distribution, originally recognized in the equity shall be transferred to profit or loss for the period by the percentage disposed.

If the cost method still be adopted of remain equity when using cost method of long-term equity investment, other comprehensive income recognized using the equity method or in accordance with the standard for recognition and measurement of financial instruments prior to the acquisition of control over the investee shall be accounted for in accordance with the same basis as the investee directly disposing of relevant asset or liability, and transferred to profit or loss for the period on pro rata basis; The changes in owners' equity recognized in net assets of the investee by using the equity

method other than net profit or loss, other comprehensive income and profit distribution shall be transferred to profit or loss for the period by the percentage disposed.

In preparing separate financial statements, if control over the investee is lost due to partial disposals of equity investment, the remaining equity after disposal shall be accounted for under the equity method provided that common control or significant influence can be imposed over the investee, and shall be adjusted as if it has been accounted for using the equity method since it was acquired. Where the remaining equity after cannot impose common control or significant influence over the investee, it shall be accounted for based on relevant provisions of standards on recognition and measurement of financial instruments, and the difference between its fair value and book value as at the date of loss of control shall be included in profit or loss for the period. In respect of other comprehensive income recognized using the equity method or in accordance with the standard for recognition and measurement of financial instruments prior to the acquisition of control over the investee, it shall be accounted for in accordance with the same basis as the investee directly disposing of relevant asset or liability when the control is lost. The changes in owners' equity recognized in net assets of the investee by using the equity method other than net profit or loss, other comprehensive income and profit distribution shall be transferred to profit or loss for the period at the time when the control over investee is lost. Where the remaining equity after disposal is accounted for using the equity method, other comprehensive income and other owners' equity shall be carried forward on pro rata basis. Where the remaining equity after disposal is accounted for in accordance with the standard for recognition and measurement of financial instruments, other comprehensive income and other owners' equity shall be fully carried forward.

If the common control or significant influence over the investee is lost due to partial disposals of equity investment, the remaining equity after disposal shall be accounted for in accordance with the standard for recognition and measurement of financial instruments. The difference between its fair value and book value as at the date of loss of common control or significant influence shall be included in profit or loss for the period. For other comprehensive income recognized previously for the equity investment using equity method, it shall be accounted for in accordance with the same basis as the investee directly disposing relevant asset or liability at the time when the equity method was ceased to be used. For other changes of the owners' equity other than net profit or loss, other comprehensive income and profit distribution, originally recognized in the equity shall be transferred

to profit or loss for the period at the time when the equity method was ceased to be used.

Where the Company disposes its equity investment in a subsidiary in a series of transactions until the control is lost, and such transactions form “a bundle of transactions”, each transaction shall be accounted for as a disposal of equity investment of the subsidiary resulting in a loss of control. The difference between the consideration received from each transaction and the book value of the long-term equity investment attributable to the equity interests disposed prior to loss of control shall be initially recognized as other comprehensive income, and upon loss of control, transferred to profit or loss for the period when the loss of control takes place.

15. Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets refer to the tangible assets held by the Company for producing goods, rendering services, renting or operation and administration purposes with useful life of over one accounting year. The fixed assets are recognized only when the economic interest related thereto is likely to flow into the Company and its cost can be measured reliably. The fixed assets are initially measured at cost, taking the impact of estimated asset retirement obligation into consideration.

(2) Depreciation method of fixed assets

Fixed assets are depreciated using the straight-line method over their useful lives since the following month after the fixed assets are available for intended use. The useful lives, estimated net residual value and annual depreciation rate of the fixed assets are as follows:

Category	Depreciation method	Depreciable life (year)	Rate of residual value (%)	Annual depreciation rate (%)
Housing and buildings	Straight-line method	20-40	5	2.38-4.75
Machinery and equipment	Straight-line method	10-20	5	4.75-9.50
Motor vehicles	Straight-line method	8-12	5	7.92-11.88
Electronic equipment, office equipment and others	Straight-line method	5-15	5	6.33-19.00

The estimated net residual value of a fixed asset is the estimated amount that the Company would obtain from disposal of the asset after deducting the estimated costs of disposal when the useful life of the asset expires and it is in the condition expected at the end of its useful life.

(3) Impairment test and provision for impairment loss of fixed assets

Please see section 20 “Impairment of long-term assets” under Note IV for impairment test and provision for impairment loss of fixed assets.

(4) Recognition criteria and measurement of fixed asset under financial lease

Financial leases are leases that transfer substantially all the risks and rewards associated with the ownership of an asset. The ownership may or may not eventually be transferred. Fixed asset under financial lease is depreciated in the same way as the self-owned assets would be depreciated. If it can be reasonably determined that the ownership of the leased assets can be obtained at the end of the lease term, the leased assets are depreciated over their remaining useful life; otherwise, the leased assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

(5) Explanation on other matters

Subsequent expenditures incurred in connection with a fixed asset shall be included in the cost of the fixed asset only if it is probable that economic benefits associated with the asset will flow to the Company and the relevant cost can be measured reliably, and the book value of the replaced assets shall be derecognized. Other subsequent expenditures shall be recognized in the profit or loss for the period when incurred. Fixed assets are derecognized when there is no economic benefit arising from the expected use or disposal of the fixed assets.

When a fixed asset is sold, transferred, retired or damaged, the Company shall recognize the amount of any proceeds on disposal of the asset net of the book value and related taxes in the profit or loss for the period.

The Company shall review the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year-end. Any change in the useful life or estimated net residual value of a fixed asset or the depreciation method used shall be accounted for as a change in accounting estimate.

16. Construction in progress

The cost of construction in progress is measured according to the actual expenditure for the construction in progress, including all the necessary expenditures incurred in the process of construction, the borrowing costs to be capitalized before the project is ready for its intended use and

other related costs. The construction in progress shall be transferred to fixed assets after it is ready for its intended use.

Please see section 20 “Impairment of long-term assets” under Note IV for impairment test and provision for impairment loss of construction in progress.

17. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences arising from foreign currency borrowings. Where the borrowing costs can be directly attributable to the acquisition, construction or production activities of assets eligible for capitalization, it shall be capitalized on the basis that the expenditure for the asset has already been incurred, the borrowing costs have been incurred and the acquisition, construction or production activities necessary to prepare the asset for its intended use or for sale have already commenced; when the acquired, constructed or produced asset eligible for capitalization is available for its intended use or for sale, the capitalization shall be stopped. Other borrowing costs shall be recognized as expenses in the period when they are incurred.

The actual interest cost of specific-purpose borrowings for the period (net of any interest income from the borrowed funds not used and deposited in bank or any investment income from the temporary investment of those funds) shall be capitalized; the amount of interest of general-purpose borrowings to be capitalized is determined by multiplying the weighted average of the amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings by the capitalization rate of the corresponding general-purpose borrowings. Capitalization rate is calculated and determined based on the weighted average interest rate of general-purpose borrowings.

During the capitalization period, exchange differences related to specific-purpose borrowings denominated in foreign currencies shall be fully capitalized; exchange differences related to general-purpose borrowings denominated in foreign currencies shall be recognized in the profit or loss for the period.

Assets eligible for capitalization refer to the fixed assets, investment properties, inventories and other assets that can be available for intended use or for sale only after a long period of time of acquisition and construction or production activities.

Where the acquisition and construction or production activities of an asset eligible for capitalization

are interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended until the acquisition and construction or production of the asset is resumed.

18. Intangible assets

(1) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company.

The intangible asset shall be initially measured at cost. The expenditures incurred in connection with an intangible asset shall be recognized as cost of the intangible asset only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Other expenditures shall be recognized in the profit or loss for the period when incurred.

Land use right acquired shall normally be recognized as an intangible asset. For self-constructed buildings (e.g. plants), the expenditures on the land use right and cost of the buildings shall be separately accounted for as an intangible asset and fixed asset. For the purchased buildings and structures, the purchase consideration shall be allocated among the land use right and the buildings on a reasonable basis. In case there is difficulty in making a reasonable allocation, the consideration shall be recognized in full as a fixed asset.

For an intangible asset with definite useful life, its original value, after deducting the estimated net residual value and accrued provision for impairment loss, shall be amortized evenly by installment over its estimated useful life using straight-line method from the time when it is available for use. An intangible asset with indefinite useful life shall not be amortized.

At the end of the period, the Company shall check the useful life and the amortization method of intangible assets with definite useful life and carry out accounting estimate change in case any change happens. In addition, the Company shall check the useful life of intangible assets with indefinite useful life, if there are evidences showing that the intangible assets can bring economic benefit for the Company within the foreseeable period, the Company shall estimate the useful life and carry out amortization according to the amortization policy for intangible assets with definite useful life.

(2) Expenditure on research and development

The Company classifies the expenditure on an internal research and development project into

expenditure at the research phase and expenditure at the development phase.

Expenditure at the research phase is recognized in the profit or loss for the period when incurred.

Expenditure at the development phase shall be recognized as intangible assets if all of the following conditions are satisfied, and otherwise, it shall be recognized in the profit or loss for the period:

- ① It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- ② There is the intention to complete and to use or sell the intangible asset;
- ③ It can be demonstrated how the intangible asset will generate economic benefits, including demonstrating that there is an existing market for the products produced by the intangible asset or for the intangible asset itself, and that it can be used if the intangible asset is to be used internally;
- ④ There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible assets;
- ⑤ The expenditure attributable to the intangible asset at its development phase can be reliably measured.

All the expenditures on research and development which cannot be distinguished between the research phase and development phase are recognized in the profit or loss when incurred.

(3) Impairment test and provision for impairment loss of intangible assets

Please see section 20 “Impairment of long-term assets” under Note IV for impairment test and provision for impairment loss of intangible assets.

19. Long-term deferred expenses

Long-term deferred expenses are various expenses that have already occurred but should be burdened by the reporting period and subsequent periods with a time limit of more than one year. Long-term deferred expenses are amortized on a straight-line basis over the expected benefit period.

20. Impairment of long term assets

For non-current and non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment properties measured by the cost method, and long-term equity investments in subsidiaries, joint ventures, and associates, judgment shall be made on the

balance sheet date as to whether there is any indication of impairment of the assets. If there is, the recoverable amount of the assets shall be estimated and an impairment test shall be conducted. Goodwill, an intangible asset with indefinite useful life and intangible assets that have not been ready for use are tested for impairment at least once a year, irrespective of whether or not there is any indication that those assets may be impaired.

If the impairment test result shows that the recoverable amount of an asset is less than its book value, the impairment provision shall be made based on the difference and included in the impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the estimated future cash flow. The fair value of an asset is determined based on the price of the sales agreement in a fair trade. If there is no sales agreement but there is an active market for assets, the fair value is determined based on the buyer's bid for the asset; if there is no sales agreement and an active market for assets, the fair value is determined based on the best information available. Disposal expenses include legal expenses related to the disposal of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the estimated future cash flow of assets is determined by the amount of discounted cash flows selected based on the estimated future cash flows generated during the continuous use and final disposal of assets. The impairment provision for assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs shall be used to determine the recoverable amount of the asset group. Asset group is the smallest portfolio of assets that can independently generate cash inflows.

During the impairment test of goodwill separately listed in the financial statements, the book value of goodwill shall be amortized to the asset group or combination of asset groups that are expected to benefit from the synergy of business combination. If the test result shows that the recoverable amount of the asset group or combination of asset groups that includes the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of impairment loss is firstly set off against the book value of goodwill allocated to the asset group or combination of asset groups, and then proportionally against the book value of other assets other than goodwill in the asset group or combination of asset groups.

An impairment loss recognized on the aforesaid assets shall not be reversed in a subsequent period in respect of the restorable value.

21. Contract liabilities

Contract liabilities reflect the Company's obligation to transfer goods to its customers for consideration received or receivable from its customers. If any customer has paid the contract consideration or the Company has obtained the unconditional right to receive the contract consideration before the Company transfers the goods to the customer, the contract liability shall be recognized according to the amount received or receivable at the earlier of the actual payment made by the customer or the payment due.

22. Employee emoluments

Employee emoluments include short-term salaries, post-employment benefits, and termination benefits, including:

The short-term salary includes wages, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing accumulation funds, labor union funds, staff education funds, and non-monetary benefits. The short-term salaries are recognized as liabilities at the amount actually incurred in the accounting period in which the employees provide services to the Company, and are recognized in the profit or loss or related costs of assets for the period. Non-monetary employee welfare expenses are measured at fair value.

Post-employment benefits include basic pension insurance and unemployment insurance. Post-employment benefit plans include defined contribution plans. When a defined contribution plan is adopted, the accrued amounts shall be included in related costs of assets or the profit or loss for the period.

The compensations (termination benefits) paid to the employees by the Company for terminating the employment relationship with the employees before the expiry dates of employment contracts or encouraging the employees to accept redundancy voluntarily are included in profit or loss for the period when incurred. Termination benefits shall be recognized as employee emolument liability and be charged to the profit or loss for the period at the earlier of the time when the Company cannot unilaterally withdraw the termination benefits provided for an employment termination plan or a curtailment proposal or the time when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits. If termination benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, it shall be treated as other long-term employee salaries.

The internal employee retirement plan is treated on the same principle as the above-mentioned termination benefits. The Company will include the salary and social insurance premium of the

internally retired staff to be paid during the period from the employee's suspension of service until the normal retirement date in the profit or loss (termination benefits) for the period when the conditions for confirming the estimated liability are met.

23. Estimated liabilities

When obligations related to contingencies meet the following conditions, they are recognized as estimated liabilities: (1) the obligation is the current obligation assumed by the Company; (2) the performance of the obligation may result in the outflow of economic benefits; (3) the amount of the obligation can be measured reliably.

On the balance sheet date, considering the risks, uncertainties, and time value of money related to contingencies, the estimated liabilities shall be measured in accordance with the best estimate of the required expenditure for the performance of the current obligation.

If all or part of the expenses required for the liquidation of estimated liabilities are expected to be compensated by a third party, the amount of compensation shall be recognized as an asset separately when it is basically determined to be receivable, and the amount of compensation confirmed does not exceed the book value of the estimated liability.

24. Revenue

(1) Sales of goods

The goods are recognized on the conditions that the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow into the Company; and the associated costs incurred or to be incurred can be measured reliably.

(2) Rendering of services

When the outcome of a transaction concerning the rendering of services can be reliably estimated, the Company shall, on the balance sheet date, recognize the revenue by the percentage-of-completion method. The completion progress of the transaction concerning the rendering of services shall be ascertained according to the proportion of completed work/services rendered to total service to be rendered or the proportion of service costs incurred to the estimated total costs.

When the following conditions are satisfied concurrently, it means that the outcome of a transaction concerning the rendering of services can be reliably estimated: ① the relevant amount of revenue can be reliably measured; ② it is probable that the economic benefits will flow into the enterprise; ③ the completion progress of the transaction can be reliably ascertained; and ④ transaction costs incurred and to be incurred can be reliably measured.

When the outcome of a transaction concerning the rendering of services cannot be reliably estimated, it shall recognize the revenue from the rendering of services based on the cost of rendering services already incurred and expected to be compensated, and the cost of rendering services incurred shall be recognized as an expense for the current period. If the cost of rendering services is expected not to be compensated, the revenue shall not be recognized.

When the contract or agreement signed between the Company and other companies includes the sale of goods and rendering of services, which can be distinguished and measured separately, the sale of goods and rendering of services shall be treated separately; If the sale of goods and rendering of services cannot be distinguished, or if they can be distinguished but cannot be measured separately, the contract is entirely treated as the sale of goods.

(3) Revenue from construction contract

When the outcome of a construction contract can be reliably estimated, the contract revenue and contract expenses shall be recognized on the balance sheet date by the percentage-of-completion method. The completion progress of the contract shall be ascertained according to the proportion of the cumulative actual contract costs incurred to the estimated total contract costs/the proportion of completed contract workload to the estimated total contract workload/actually measured completion progress.

When the following conditions are satisfied concurrently, it means that the outcome of a construction contract can be reliably estimated: ① the total contract revenue can be reliably measured; ② it is probable that the economic benefits related to contract will flow into the enterprise; ③ contract costs incurred can be clearly differentiated and reliably measured; and ④ the progress of contract completion and the costs that must be incurred to complete the contract can be reliably determined.

When the outcome of a construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract revenue is recognized on the basis of the actual contract cost that can be recovered. The contract cost is recognized as the contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as the contract expense, and no

contract revenue is recognized. If the uncertainties that make the results of the construction contract unable to be reliably estimated cease to exist, the revenue and expenses related to the construction contract shall be determined by the percentage-of-completion method.

If the estimated total cost of the contract exceeds the total contract revenue, the estimated loss is recognized as the current expense.

The cumulative costs incurred and cumulative gross profits (losses) that have been recognized and the settled amounts for the construction in progress contracts are shown in the balance sheet as net offsets. The part that the sum of the cumulative costs incurred and cumulative gross profits (losses) that have been recognized exceeding the settled amounts is listed as the inventory; the part that the settled amounts for construction in progress contracts exceeding the sum of the cumulative costs incurred and cumulative gross profits (losses) that have been recognized is listed as advance payment.

(4) Royalty revenue

According to relevant contracts or agreements, the revenue is recognized on an accrual basis.

(5) Interest income

Interest income is determined according to the time that others use the currency funds of the Company and the actual interest rate.

25. Government grants

Government grants are the monetary assets and non-monetary assets received by the Company from the government at no consideration, excluding the capital injection from the government as an investor and enjoying the owner's equity. Government grants are classified into government grants pertinent to assets and government grants pertinent to income. Government grants designed to purchase or construct or otherwise develop into long-term assets are defined as government grants pertinent to assets by the Company, while other government grants are defined as government grants pertinent to income. A government grant in the form of monetary asset is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably obtained, it is measured at the nominal amount. Government grants measured at nominal amount are directly recorded into profit or loss for the period.

Government grants are generally recognized and measured by the Company upon receipt at the amount actually received.

Government grants of those pertinent to assets are recognized as deferred income and amortized into profit or loss for the period over the useful life of the relevant assets based on a rational and systematic approach. Government grants of those pertinent to income designed to compensate for future expenses or losses in subsequent periods shall be recognized as deferred income and included for the profit or loss in the period when relevant expenses or loss are confirmed; and government grants pertinent to income designed to compensate for expenses or losses already incurred are directly recorded into profit or loss for the period.

If the government grants contain both of those assets related and those pertinent to assets, the accounting treatment will depend on the different parts of government grants; if it is difficult to distinguish, the whole government grants are classified as the government grants.

The government grants related to daily activities of the Company, are recognized in other income or used to offset related expenses, depending on the essence of economic business, otherwise, recognized in non-operating income or non-operating expenses.

When the government grants already recognized need to be reversed, the surplus amount of deferred income, if any, will be used to offset the remaining book value of the relevant deferred income and be recognized in the profit or loss for the period. Where there is no relevant deferred income, the government grants reversed will be directly recognized in the profit or loss for the period.

26. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the income tax expected to be paid (or returned) calculated as required by tax laws. Taxable income, based on which the current income tax expense is calculated, is derived after adjusting the accounting profit before tax for the year in accordance with relevant requirements of tax laws.

(2) Deferred income tax assets and deferred income tax liabilities

Temporary differences arising from the difference between the book value of an asset or liability and

its tax base, and the difference between the tax base and the book value of an item that is not recognized as an asset or liability but its tax base can be determined according to tax laws, shall be recognized for deferred income tax assets and deferred income tax liabilities using the balance sheet liability method.

Deferred income tax liabilities are not recognized for taxable temporary differences related to: the initial recognition of goodwill; and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable income (or deductible loss) at the time of the transaction. In addition, for taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, if the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future, relevant deferred income tax liabilities are not recognized either. Except for above-mentioned circumstances, the Company recognizes deferred income tax liabilities arising from other taxable temporary differences.

Deferred income tax assets are not recognized for deductible temporary differences related to the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable income (or deductible loss) at the time of the transaction. In addition, for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, if it is not probable that the temporary difference will be reversed in the foreseeable future, and it is not probable that taxable income will be available in the future against which the deductible temporary difference can be utilized, relevant deferred income tax assets are not recognized. Except for above-mentioned circumstances, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

The Company recognizes a deferred income tax asset for deductible losses and tax credits that can be carried forward to subsequent periods, to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rates during the period that the assets are expected to be recorded realized or the liabilities are expected to be settled, according to the tax laws.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income will not be available in future to compensate benefit from deferred income tax asset, the book value of the deferred income tax asset shall be written down. Any amount so written down shall be reversed when it becomes probable that sufficient taxable income will be available.

(3) Income tax expense

Income tax expense comprises current income tax expense and deferred income tax expense.

Current and deferred income tax expense or income is included in profit or loss for the current period, except for those recognized as other comprehensive income or current income, tax and deferred income tax related to transactions and events that are directly recognized in shareholders' equity, which are recognized in other comprehensive income or shareholders' equity, and except for deferred income tax arising from a business combination, which is used to adjust the book value of goodwill.

(4) Offsetting income tax

When the Company has legal rights of to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, the Company records the net current income tax assets and current income tax liabilities after offsetting such assets and liabilities.

When the Company has the legal rights to settle current income tax assets and liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities related to income tax received by the same tax competent authority on the same taxable entity different taxable entities, the Company records the net current income tax assets and current income tax liabilities after offsetting such assets and liabilities, provided that the taxable entity involved intended to settle current income tax assets and liabilities on a net basis or to realize assets and settle liabilities simultaneously in each future period in which significant deferred income tax assets and liabilities would be reversed.

27. Leases

Financial leases are leases that transfer substantially all the risks and rewards associated with the ownership of an asset. The ownership may or may not eventually be transferred. Other leases other than financial leases are operating leases.

(1) The Company as lessee under operating leases

Lease payment for operating leases is recognized as related asset cost or profits and losses for the current period using the straight-line method over the lease term. The initial direct cost is accounted in profit or loss for the current period. Contingent rental is recognized as profit or loss for the current period when operating leases.

(2) The Company as lessor under operating leases

Rental income is recognized in profit or loss for the current period using the straight-line method over the lease term. The initial direct significant cost is capitalized when actually incur, and recorded into profit or loss for the current period on the same basis as recognition of rental income over the entire lease period; the initial direct cost whose amount is less significant is included in the profit or loss for the period when actually incur. Contingent rental is recognized as profit or loss for the current period when operating leases.

(3) The Company as lessee under financial leases

On the beginning date of lease term, the Company will recognize the lower of the fair value of leased asset on the same date and the present value of minimum lease payment as the recorded value of the leased asset. Where the minimum leasing payment is used as the recorded value of long-term payables, their differences are recorded as unrecognized financing costs. In addition, the initial direct costs attributable to the lease item incurred during the lease negotiation and signing of the lease contract are also included in the value of the leased asset. The balance of the minimum lease payment after deducting the unrecognized financing expenses is listed as long-term liabilities and long-term liabilities due within one year, respectively.

The unrecognized financing expenses are calculated using the actual interest rate method during the lease term to confirm the current financing expenses. Contingent rents are included in profit or loss for the period when they are actually incurred.

(4) The Company as lessor under financing leases

On the beginning date of lease term, the Company will recognize the finance lease receivable at the sum of minimum lease receipts on the same date and initial direct cost, and record the unguaranteed residual value simultaneously; the difference between the sum of minimum lease receipt amount, initial direct cost and unguaranteed residual value and the sum of its present value is recognized as unrealized financing income. The balance of financial lease receivable after deducting unrealized

financing income is listed as long-term bond and long-term bond due within one year, respectively.

The unrealized financing income is calculated using the actual interest rate method during the lease term to confirm the current financing income. Contingent rents are included in profit or loss for the period when they are actually incurred.

28. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

There are no changes in accounting policies of the Company in the period.

(2) Changes in accounting estimates

There are no changes in accounting estimates of the Company in the period.

29. Correction of prior period accounting errors

There is no correction of prior period accounting errors of the Company in the period.

V. Taxation

1. Main taxes and relevant tax rates

Type of tax	Basis of taxation	Statutory tax rate
Value added tax ("VAT")	Selling goods or providing taxable services	6%, 9%, 13%
Enterprise income tax	Taxable income	15%, 25%
City maintenance and construction tax	Turnover taxes payable	5%
Education surtax	Turnover taxes payable	3%
Local education surtax	Turnover taxes payable	2%

2. Tax rebates and related approvals

(1) VAT

According to the Notice of the State Administration of Taxation on the Issue of Levy and Exemption of Value-added Tax on Meal Products (Guo Shui Han 2010 No. 75), "Soybean meal is a feed product subject to value-added tax, and all other meal feed products other than soybean meal are exempt from value-added tax." Therefore, the Company's income from sales of corn germ meal is exempt from VAT.

(2) Enterprise income tax

Domestic enterprises in the mainland of China shall be subject to an enterprise income tax rate of 25% except for tax rebates described below; while an overseas enterprise shall be subject to the enterprise income tax rate applicable in the place where it operates.

- ① Changshouhua Food Company Limited (长寿花食品股份有限公司) (Former Shandong Sanxing Corn Industry Technology Co., Ltd. (山东三星玉米产业科技有限公司), a subsidiary of the Company, has obtained the Certificate of High-tech Enterprise (Certificate No.: GR202137003157) on 7 December 2021, and thus is entitled to a discounted rate of enterprise income tax being 15% according to the preferential policies in respect of the enterprise income tax.
- ② Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司), a subsidiary of the Company, has obtained the Certificate of High-tech Enterprise (Certificate No.: GR202037002882) on 8 December 2020, and thus is entitled to a discounted rate of enterprise income tax being 15% according to the preferential policies in respect of the enterprise income tax.
- ③ According to the Announcement of the State Administration of Taxation on the Implementation of Enterprise Income Tax Preferences for Agricultural, Forestry, Animal Husbandry and Fishery Projects (State Administration of Taxation Announcement No. 48 of 2011), the processing fees charged for the primary processing services for prescribed agricultural products can be treated as tax-exempt items for primary processing of agricultural products. The Company's subsidiaries, Liaoning Sanxing Corn Industry Technology Co., Ltd. (辽宁三星玉米产业科技有限公司) and Inner Mongolia Sanxing Corn Industry Technology Co., Ltd. (内蒙三星玉米产业科技有限公司) are entitled to this preferential policy in 2023.

VI. Notes to the Consolidated Financial Statements

In the following notes (including notes on the main items of the company's financial statements), the beginning of the period refers to 1 January 2023 and the end of the period refers to 31 December 2023 unless otherwise stated. The current period refers to the year of 2023 and the previous period refers to the year of 2022. (The following amounts shall be denominated in RMB unless otherwise specified)

1. Monetary capital

Items	Closing balance	Opening balance
Cash on hand	939,581.63	925,561.09
Bank deposits	1,281,499,094.07	1,320,695,109.83

Items	Closing balance	Opening balance
Other cash and bank balances	171,759,524.15	259,118,116.34
Total	1,454,198,199.85	1,580,738,787.26

As of December 31, 2023, the details of restricted monetary funds are as follows:

Items	Closing balance	Opening balance
Deposit for bank acceptance bill	135,408,040.87	219,118,116.34
Deposit for letter of credit	21,300,000.00	
Certificate of time deposit for guarantee	14,860,000.00	40,000,000.00
Total	171,568,040.87	259,118,116.34

Except for the restricted funds mentioned above, the Company does not have any other funds pledged, frozen, or with potential recovery risks.

2. Bills receivable

Items	Closing balance	Opening balance
Bank acceptances	530,367,728.82	534,817,081.95
Total	530,367,728.82	534,817,081.95

3. Accounts receivable

(1) Accounts receivable analyzed by type

Category	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Individual accounts receivable of significant amount and with separate bad debt provision					
Accounts receivable with bad debt provision made according to credit risk characteristics	2,407,030,114.20	100.00	17,750,145.09	0.74	2,389,279,969.11
Individual accounts receivables of insignificant amounts but with separate provision for bad debts					
Total	2,407,030,114.20	100.00	17,750,145.09	0.74	2,389,279,969.11

(Continued)

Category	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Individual accounts receivable of significant amount and with separate bad debt provision					

Category	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Accounts receivable with bad debt provision made according to credit risk characteristics	1,876,560,657.78	100.00	16,502,291.55	0.88	1,860,058,366.23
Individual accounts receivables of insignificant amounts but with separate provision for bad debts					
Total	1,876,560,657.78	100.00	16,502,291.55	0.88	1,860,058,366.23

- (2) In the portfolio, accounts receivable for which bad-debt provision has been made based on aging analysis

Aging	Closing balance		
	Book balance	Bad-debt provision	Ratio of provision (%)
Within 1 year (inclusive)	2,315,012,499.99		
1-2 years (inclusive)	53,918,112.17	5,391,811.22	10.00
2-3 years (inclusive)	22,957,335.61	4,591,467.12	20.00
3-4 years (inclusive)	4,971,681.07	1,491,504.32	30.00
4-5 years (inclusive)	7,790,245.86	3,895,122.93	50.00
above 5 years	2,380,239.50	2,380,239.50	100.00
Total	2,407,030,114.20	17,750,145.09	

- (3) Account receivables of the top five borrowers determined by the closing balance

Name of entity	Book balance	Aging	Proportion in to accounts receivable (%) Totality ratio (%)
Shandong Kuangye Chenxi Trade Co., Ltd. (山东旷烨晨曦贸易有限公司)	181,758,497.84	Within 1 year	7.55
Beijing Jingdong Century Information & Technologies Co. Ltd. (北京京东世纪信息技术有限公司)	38,629,175.29	Within 1 year	1.60
Wumart Stores, Inc.	30,229,597.55	Within 1 year	1.26
Suguo Supermarket Co., Ltd. (苏果超市有限公司)	27,734,771.96	Within 1 year	1.15
Inner Mongolia Tongming Qianhe Food Co., Ltd. (内蒙古佟明阡禾食品有限责任公司)	26,997,684.12	Within 1 year	1.12
Total	305,349,726.76		12.68

4. Prepayments

(1) Prepayments analyzed by age

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	1,030,096,567.39	77.88	1,058,112,626.38	82.15
1-2 years (inclusive)	110,983,576.07	8.39	179,409,575.58	13.93
2-3 years (inclusive)	131,528,963.57	9.94	27,797,896.06	2.16
More than 3 years	50,133,038.25	3.79	22,698,153.08	1.76
Total	1,322,742,145.28	100.00	1,288,018,251.10	100.00

As of 31 December 2023, prepayments aging over one year are mainly prepayments that have not been settled due to contracts yet to be performed.

(2) Prepayments of the top 5 recipients determined by the closing balance

Name of entity	Closing balance	Aging	Proportion in total prepayments (%)
Zouping Yuanheng Trading Co. Ltd. (邹平元恒贸易有限公司)	64,857,800.00	Within 1 year	4.90
Jinan LandPort Supply Chain Management Co., Ltd. (济南陆港供应链管理有限公司)	49,308,916.05	Within 1 year	3.73
Qingdao Qingfanglian Supply Chain Co., Ltd. (青岛青纺联供应链有限公司)	37,036,808.20	Within 1 year	2.80
Qingdao Xingfa Xingyu Supply Chain Co., Ltd. (青岛星发星裕供应链有限公司)	32,304,064.34	Within 1 year	2.44
Zouping Zeyong Anticorrosion and Heat-insulation Co., Ltd. (邹平泽永防腐保温有限公司)	30,236,334.64	Within 1 year	2.29
Total	213,743,923.23		16.16

5. Other receivables

(1) Summary table

Items	Closing balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	497,317,880.72	432,253,918.08
Total	497,317,880.72	432,253,918.08

(2) Other receivables

① Other receivables analyzed by type

Category	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Individual accounts receivable of significant amount and with separate bad debt provision					
Accounts receivable with bad debt provision made according to credit risk characteristics	527,923,476.98	100.00	30,605,596.26	5.80	497,317,880.72
Individual accounts receivables of insignificant amounts but with separate provision for bad debts					
Total	527,923,476.98	100.00	30,605,596.26	5.80	497,317,880.72

(Continued)

Category	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Individual accounts receivable of significant amount and with separate bad debt provision					
Accounts receivable with bad debt provision made according to credit risk characteristics	457,454,647.08	100.00	25,200,729.00	5.51	432,253,918.08
Individual Accounts receivables of insignificant amounts but with separate provision for bad debts					
Total	457,454,647.08	100.00	25,200,729.00	5.51	432,253,918.08

②In the portfolio, other receivables for which bad-debt provision has been made based on aging analysis

Aging	Closing balance		
	Book balance	Bad-debt provision	Ratio of provision (%)
Within 1 year (inclusive)	365,897,774.90		
1-2 years (inclusive)	78,534,483.77	7,853,448.38	10.00
2-3 years (inclusive)	42,951,805.78	8,590,361.16	20.00
3-4 years (inclusive)	35,761,500.23	10,728,450.07	30.00
4-5 years (inclusive)	2,689,151.30	1,344,575.65	50.00
above 5 years	2,088,761.00	2,088,761.00	100.00
Total	527,923,476.98	30,605,596.26	

③Other receivables of the top 5 borrowers determined by the closing balance

Name of entity	Book balance	Aging	Proportion in total other receivables (%)
Jinan Meihui Cereals and Oil Co., Ltd. (济南美惠粮油有限公司)	45,567,568.60	Within 1 year	8.63

Name of entity	Book balance	Aging	Proportion in total other receivables (%)
Shandong Qisheng Enterprise Management Co., Ltd.(山东齐圣企业管理有限公司)	20,759,384.96	Within 1 year	3.93
Zhejiang Jiahan Investment Management Co., Ltd. (浙江佳翰投资管理有限公司)	20,000,000.00	Within 1 year	3.79
Zouping Anxing Driving School Co., Ltd. (邹平安星驾校有限公司)	12,982,340.00	Within 1 year	2.46
Jilin Jiuyin Financial Leasing Co., Ltd. (吉林九银金融租赁股份有限公司)	10,000,000.00	1-2 years	1.89
Total	109,309,293.56		20.70

6. Inventories

Items	Closing balance		
	Book balance	Allowance for impairment	Book value
Raw materials	1,460,562,110.32		1,460,562,110.32
Semi-finished products and work in progress	574,918,465.85		574,918,465.85
Finished products	1,222,171,797.38		1,222,171,797.38
Revolving materials	18,459,175.25		18,459,175.25
Real estate development costs	83,082,005.83		83,082,005.83
Consumable biological assets	490,051.98		490,051.98
Materials for sub-contracting processing			
Dispatched Goods	102,697,992.28		102,697,992.28
Total	3,462,381,598.89		3,462,381,598.89

(Continued)

Items	Opening balance		
	Book balance	Allowance for impairment	Book value
Raw materials	1,371,931,420.20		1,371,931,420.20
Semi-finished products and work in progress	447,197,117.61		447,197,117.61
Finished products	1,336,948,419.63		1,336,948,419.63
Revolving materials	19,546,693.14		19,546,693.14
Real estate development costs	105,968,262.84		105,968,262.84
Consumable biological assets	545,893.28		545,893.28
Materials for sub-contracting processing			
Dispatched Goods	161,766,874.74		161,766,874.74
Total	3,443,904,681.44		3,443,904,681.44

7. Other current assets

Items	Closing balance	Opening balance
Microfinance loan	36,690,000.00	36,690,000.00

Items	Closing balance	Opening balance
Financing product	602,020,000.00	650,000,000.00
Outstanding value added tax credit	151,876,024.27	91,132,919.80
Enterprise income tax prepaid	35,106,094.08	31,123,208.60
Total	825,692,118.35	808,946,128.40

8. Debt investment

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Fund investment	191,500,000.00		191,500,000.00	631,359,982.48		631,359,982.48
Total	191,500,000.00		191,500,000.00	631,359,982.48		631,359,982.48

9. Long-term equity investment

(1) Classification of long-term equity investment

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Investment in associated companies	18,532,454.83		18,532,454.83	1,000,000.00		1,000,000.00
Sub-total	18,532,454.83		18,532,454.83	1,000,000.00		1,000,000.00

(2) Investment in associated companies

Investee	Opening balance	Investment cost changes	Changes from gains/ loss		Other owner's equity changes	Closing balance
			Gains/ Loss	Dividend received		
Binzhou Zhenpu Tuoyuan Equity Investment Partnership (Limited Partnership) (滨州真璞拓远股权投资合伙企业(有限合伙))	1,000,000.00		-76.64			999,923.36
Qingdao Xingfa Xingyu Supply Chain Co., Ltd.(青岛青发星裕供应链有限公司)		17,000,000.00	532,531.47			17,532,531.47
Total	1,000,000.00	17,000,000.00	532,454.83			18,532,454.83

10. Other equity instrument investment

(1) Other equity instrument investment

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Other equity instrument investment	41,092,351.00		41,092,351.00	42,892,351.00		42,892,351.00
Total	41,092,351.00		41,092,351.00	42,892,351.00		42,892,351.00

(2) Other equity instrument investment at the end of period

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance
Zouping Rural Commercial Bank (Handian Sub-branch) (农村商业银行韩店支行)	27,952,351.00			27,952,351.00
Binzhou Minmetals New and Old Kinetic Energy Conversion Parent Fund (limited partnership) (滨州五矿新旧动能转换母基金合伙企业(有限合伙))	1,800,000.00		1,800,000.00	
Zouping Pufa Village Bank Co., Ltd. (邹平浦发村镇银行股份有限公司)	10,540,000.00			10,540,000.00
Shandong Aluminum Valley Commodity Trade Center Co., Ltd. (山东铝谷大宗商品交易中心有限公司)	2,600,000.00			2,600,000.00
Total	42,892,351.00		1,800,000.00	41,092,351.00

11. Fixed assets

(1) Summary table

Items	Closing balance	Opening balance
Fixed assets	6,565,963,124.73	6,951,582,368.67
Disposal of fixed assets		
Total	6,565,963,124.73	6,951,582,368.67

(2) Fixed assets

Items	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
I. Original book value					
1. Opening balance	4,013,862,289.18	7,146,766,070.73	90,670,301.84	158,041,479.11	11,409,340,140.86
2. Increase for the period	12,106,125.52	46,120,522.38	688,604.00	905,114.26	59,820,366.16
(1) Acquisition	10,931,813.64	46,120,522.38	688,604.00	905,114.26	58,646,054.28
(2) Transfer-in from project under construction	1,174,311.88				1,174,311.88
(3) Increase from business combination					
3. Decrease for the period		14,703,674.62	2,331,180.22	86,977.77	17,121,832.61
(1) Disposal or scrap		13,765,847.00	2,331,180.22	86,977.77	16,184,004.99
(2) Others		937,827.62			937,827.62

Items	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
4. Closing balance	4,025,968,414.70	7,178,182,918.49	89,027,725.62	158,859,615.60	11,452,038,674.41
II. Accumulated depreciation					-
1. Opening balance	1,284,464,330.68	3,008,099,066.04	49,114,616.73	116,079,758.74	4,457,757,772.19
2. Increase for the period	96,216,860.66	342,506,361.90	548,499.35	3,833,454.45	443,105,176.36
(1) Provision	96,216,860.66	342,506,361.90	548,499.35	3,833,454.45	443,105,176.36
(2) Increase from business combination					
3. Decrease for the period		13,111,289.45	1,662,968.80	13,140.62	14,787,398.87
(1) Disposal or scrap		12,389,262.30	1,662,968.80	13,140.62	14,065,371.72
(2) Others		722,027.15			722,027.15
4. Closing balance	1,380,681,191.34	3,337,494,138.49	48,000,147.28	119,900,072.57	4,886,075,549.68
III. Impairment preparation					
1. Opening balance					
2. Increase for the period					
(1) Provision					
3. Decrease for the period					
(1) Disposal or scrap					
4. Closing balance					
IV. Book value					
1. Book value at the end of period	2,645,287,223.36	3,840,688,780.00	41,027,578.34	38,959,543.03	6,565,963,124.73
2. Book value at the beginning of the period	2,729,397,958.50	4,138,667,004.69	41,555,685.11	41,961,720.37	6,951,582,368.67

12. Construction in progress

(1) Summary table

Items	Closing balance	Opening balance
Construction in progress	396,931,586.45	18,329,730.02
Engineering material		
Total	396,931,586.45	18,329,730.02

(2) Construction in progress

① Analysis of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Construction in progress	396,931,586.45		396,931,586.45	18,329,730.02		18,329,730.02

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Total	396,931,586.45		396,931,586.45	18,329,730.02		18,329,730.02

②Changes in projects under construction in 2023

Name of projects	Opening balance	Increase for the period	Decrease for the period		Closing balance	
		Amount	Transfer to fixed assets	Decrease for other causes	Balance	Interest capitalization amount
Guangzhou refining and canned production line	14,901,796.93				14,901,796.93	
Functional edible oil project		219,166,794.20			219,166,794.20	
Technical renovation project of refining production line		97,632,151.05			97,632,151.05	
Technical renovation project of small package filling line		51,034,050.34			51,034,050.34	
Other projects	3,427,933.09	11,943,172.72	1,174,311.88		14,196,793.93	
Total	18,329,730.02	379,776,168.31	1,174,311.88		396,931,586.45	

13. Intangible assets

(1) Analysis of intangible assets

Items	Land use rights	Software	Total
I. Original book value			
1. Opening balance	1,422,497,000.32	2,099,650.84	1,424,596,651.16
2. Increase for the period	42,134,191.66		42,134,191.66
(1) Acquisition	42,134,191.66		42,134,191.66
(2) Increase from business combination			
3. Decrease for the period			
(1) Disposal			
(2) Others			
4. Closing balance	1,464,631,191.98	2,099,650.84	1,466,730,842.82
II. Accumulated amortization			

Items	Land use rights	Software	Total
1. Opening balance	285,143,198.36	1,125,039.81	286,268,238.17
2. Increase for the period	29,232,850.10	150,106.67	29,382,956.77
(1) Provision	29,232,850.10	150,106.67	29,382,956.77
(2) Increase from business combination			
3. Decrease for the period			
(1) Disposal			
(2) Others			
4. Closing balance	314,376,048.46	1,275,146.48	315,651,194.94
III. Impairment preparation			
1. Opening balance	17,865,006.17		17,865,006.17
2. Increase for the period			
(1) Provision			
3. Decrease for the period			
(1) Disposal			
4. Closing balance	17,865,006.17		17,865,006.17
IV. Book value			
1. Book value at the end of period	1,132,390,137.35	824,504.36	1,133,214,641.71
2. Book value at the beginning of the period	1,119,488,795.79	974,611.03	1,120,463,406.82

(2) Land use rights for which certificate of title has not been obtained

The above-mentioned land use rights, with size of 710.0mu, whose book value is RMB161,435,108.99, have not been granted with certificate of title.

14. Goodwill

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance	Source
1. Total book value	110,773,775.45			110,773,775.45	
Guangzhou Jiujiufu Food Co., Ltd. (广州久久福食品有限公司)	62,761,574.24			62,761,574.24	Merger and acquisition
Yantai Wanke Food Co., Ltd. (烟台万科食品有限公司)	48,012,201.21			48,012,201.21	Merger and acquisition
2. Total impairment provisions	110,773,775.45			110,773,775.45	
Guangzhou Jiujiufu Food Co., Ltd. (广州久久福食品有限公司)	62,761,574.24			62,761,574.24	
Yantai Wanke Food Co., Ltd. (烟台万科食品有限公司)	48,012,201.21			48,012,201.21	
3. Total net book value					
Guangzhou Jiujiufu Food Co., Ltd. (广州久久福食品有限公司)					

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance	Source
Yantai Wanke Food Co., Ltd. (烟台万科食品有限公司)					

15. Long-term deferred expenses

Items	Opening balance	Increase for the period	Amortization for the period	Closing balance
Advertising expenses	7,182,638.71		3,007,167.01	4,175,471.70
Land reclamation fee	7,549,999.92		200,000.04	7,349,999.88
Total	14,732,638.63		3,207,167.05	11,525,471.58

16. Deferred income tax assets

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for assets impairment	39,698,684.00	9,924,671.00	41,703,020.55	8,084,994.60
Total	39,698,684.00	9,924,671.00	41,703,020.55	8,084,994.60

17. Other non-current assets

Items	Closing balance	Opening balance
Prepaid engineering equipment payment	102,062,085.10	102,055,011.10
Medium and long-term financial management	200,000,000.00	200,000,000.00
Total	302,062,085.10	302,055,011.10

18. Short-term borrowings

(1) Short-term borrowings analyzed by type:

Items	Closing balance	Opening balance
Pledged borrowings	4,780,000.00	
Pledged + guaranteed borrowings	109,800,000.00	120,000,000.00
Secured borrowings	29,940,000.00	29,940,000.00
Secured + guaranteed borrowings	1,831,530,000.00	1,615,430,000.00
Guaranteed borrowings	207,075,650.00	504,163,700.00
Unsecured borrowings	12,500,000.00	9,000,000.00
Total	2,195,625,650.00	2,278,533,700.00

(2) Pledged borrowings:

The collateral of the above-mentioned pledged borrowings is certificate of time deposit of the Company.

For details, please refer to the Note VI, 43 “Assets with restricted the right of ownership or use”.

(3) Secured borrowings:

The collateral of the secured borrowings are proprietary buildings, machines and equipment and land use right of the Company. For details, please refer to the Note VI, 43 “Assets with restricted the right of ownership or use”.

(4) Guaranteed borrowings:

The guarantors of the guaranteed borrowings are the guarantors of each other between the parent and subsidiary companies of the Company.

19. Bills payable

Items	Closing balance	Opening balance
Bank acceptances	231,000,000.00	361,000,000.00
Commercial acceptances	6,000,000.00	
Total	237,000,000.00	361,000,000.00

20. Accounts payable

(1) Accounts payable

Items	Closing balance	Opening balance
Payment for goods, payment for materials	339,958,462.72	370,355,503.73
Project payment, equipment payment	26,868,739.23	25,140,844.85
Total	366,827,201.95	395,496,348.58

21. Contract liabilities

(1) Receipts in advance

Items	Closing balance	Opening balance
Advances on sales	227,739,494.48	215,729,798.67
Receipts in advance from house selling		8,130,814.35
Total	227,739,494.48	223,860,613.02

(2) As of 31 December 2023, the Company has no significant advances with an aging of over one year.

22. Salaries payable

(1) Salaries payable analyzed by type

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Short-term salaries	81,176,544.66	281,865,487.67	282,523,260.38	80,518,771.95
Post-employment benefits defined contribution plans	16,664,340.25	16,189,420.99	14,298,722.25	18,555,038.99
Total	97,840,884.91	298,054,908.66	296,821,982.63	99,073,810.94

(2) Short-term salaries

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
(1) Salaries, bonuses, allowance and subsidies	76,900,621.59	267,883,228.32	270,116,688.13	74,667,161.78
(2) Staff welfare		913,641.44	913,641.44	
(3) Social insurance	4,271,292.71	12,621,459.42	11,170,077.92	5,722,674.21
Including: ①Medical insurance	3,893,734.67	12,028,977.81	10,575,133.74	5,347,578.74
②Injury insurance	252,767.44	591,374.39	593,836.96	250,304.87
③Birth insurance	124,790.60	1,107.22	1,107.22	124,790.60
(4) Housing funds	4,630.36	207,572.60	207,572.60	4,630.36
(5) Union fund and staff education fund		60,062.73	60,062.73	
(6) Short-term paid leaves				
(7) Short-term profit sharing schemes				
(8) Others		179,523.16	55,217.56	124,305.60
Total	81,176,544.66	281,865,487.67	282,523,260.38	80,518,771.95

(3) Defined contribution plan

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Basic endowment insurance	16,048,050.37	15,679,735.58	13,784,960.12	17,942,825.83
Unemployment insurance	616,289.88	509,685.41	513,762.13	612,213.16
Total	16,664,340.25	16,189,420.99	14,298,722.25	18,555,038.99

23. Taxes payable

Type of tax	Closing balance	Opening balance
Value added tax ("VAT")	145,705,777.88	86,136,883.99
Enterprise income tax	101,410,285.63	124,431,143.58
Land value added tax	25,763,087.90	25,760,910.05
Property tax	3,494,643.57	2,887,102.13
Stamp tax	83,506.40	69,123.76
City maintenance and construction tax	7,622.49	43,888.29
Education surtax	3,266.78	24,432.91
Land use tax	8,583,851.30	2,232,487.77
Individual income tax	664,328.89	279,418.68
Others	54,902.66	7,262.38
Total	285,771,273.50	241,872,653.54

24. Other payables**(1) Summary table**

Items	Closing balance	Opening balance
Interests receivable		311,160,226.23
Dividends payable		
Other payables	168,395,053.00	241,148,213.71
Total	168,395,053.00	552,308,439.94

(2) Interests receivable

Items	Closing balance	Opening balance
Bond interest payable		311,160,226.23
Total		311,160,226.23

(3) Other payables**① Other payables analyzed by nature of payment**

Items	Closing balance	Opening balance
Security deposits	15,880,072.05	16,969,320.93
Current account	139,921,246.49	203,326,053.37
Other expenses	12,593,734.46	20,852,839.41
Total	168,395,053.00	241,148,213.71

② Other significant payables with an aging of over 1 year

Items	Closing balance	Reason for failure to repay or carry-over
Residential building deposit	12,639,848.25	Corporate housing deposit, refunded upon check-out
Total	12,639,848.25	

25. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	4,121,428.80	
Bonds payable due within one year	319,000,000.00	600,000,000.00
Long-term payables due within one year	49,090,553.31	36,333,910.48
Total	372,211,982.11	636,333,910.48

26. Other current liabilities

Items	Closing balance	Opening balance
Output tax to be transferred	48,486,723.02	47,126,385.09

Total	48,486,723.02	47,126,385.09

27. Long-term borrowings

Items	Closing balance	Opening balance
Security + Guarantee	155,000,000.00	
Unsecured borrowings	5,065,476.06	
Sub-total	160,065,476.06	
Less: Long-term borrowings due within one year	4,121,428.80	
Total	155,944,047.26	

28. Bonds payable

Items	Closing balance	Opening balance
18 Sanxing MTN001		600,000,000.00
US dollar bonds	1,416,540,000.00	1,392,920,000.00
19 Luxing 01	319,000,000.00	319,000,000.00
Sub-total	1,735,540,000.00	2,311,920,000.00
Less: Bonds payable due within one year	319,000,000.00	600,000,000.00
Total	1,416,540,000.00	1,711,920,000.00

(Continued)

Items	Closing balance	Date of issuance	Term of bond	Coupon rate
US dollar bonds (Note)	1,416,540,000.00	1/23/2018	3 years	7.99%
19 Luxing 01	319,000,000.00	8/30/2019	5 years	7.90%
Total	1,735,540,000.00			

Note: The US \$200 million bonds issued by the Company on 23 January 2018 have an issue period of 3 years. The bondholders' meeting was held on 12 August 2021, and 94.79% of bondholders agreed to approve the extension of the said bonds.

29. Long-term payables

Items	Closing balance	Opening balance
China Agricultural Development Key Construction Fund Co., Ltd. (中国农发重点建设基金有限公司)	72,000,000.00	105,000,000.00
China Cinda Asset Management Co., Ltd. (中国信达资产管理股份有限公司)	1,390,379,685.78	1,420,379,685.78
China Huarong Asset Management Co., Ltd. Shandong Branch (中国华融资产管理股份有限公司山东省分公司)	237,000,000.00	
Jilin Jiuyin Financial Leasing Co., Ltd. (吉林九银金融租赁股份有限公司)	68,435,580.35	100,000,000.00
Jingdong International Financial Leasing Co.,	46,219,311.23	

Items	Closing balance	Opening balance
Ltd.(京东国际融资租赁有限公司)		
Sub-total	1,814,034,577.36	1,625,379,685.78
Less: Long-term payables due within one year	49,090,553.31	36,333,910.48
Total	1,764,944,024.05	1,589,045,775.30

30. Paid-in capital

Name of investor	Opening balance		Increase for the period	Decrease for the period	Closing balance	
	Investment amount	Percentage (%)			Investment amount	Percentage (%)
Wang Mingfeng	280,200,000.00	29.49	42,800,000.00		323,000,000.00	34.00
Wang Mingxing (王明星)	242,250,000.00	25.50	71,250,000.00		313,500,000.00	33.00
Wang Mingliang (王明亮)	279,250,000.00	29.39	34,250,000.00		313,500,000.00	33.00
Wang Luqiang (王鲁强)	37,100,000.00	3.91		37,100,000.00		
Xia Yingbin (夏应滨)	37,100,000.00	3.91		37,100,000.00		
Wang Baoquan (王宝全)	37,000,000.00	3.89		37,000,000.00		
Cheng Wenming (成文明)	37,100,000.00	3.91		37,100,000.00		
Total	950,000,000.00	100.00	148,300,000.00	148,300,000.00	950,000,000.00	100.00

Note: The Company has an original share capital of RMB50,000,000.00 which has been verified by Zouping Jianxin Certified Public Accountants Corporation (邹平鉴鑫有限责任会计师事务所) who issued a capital verification report (Zou Kuai Shi Yan Zi (2003) No. 41) thereupon in the same year. In 2011, the Company increased the share capital by RMB450,000,000.00 which has been verified by Shandong Jianxin Certified Public Accounts Corporation (山东鉴鑫会计师事务所有限公司) who issued a capital verification report (Lu Jian Xin Yan Zi (2011) No. 85) thereupon in the same year. In 2015, the Company increased the share capital by RMB450,000,000.00 which has been verified by Shandong Jianxin Certified Public Accounts Corporation (山东鉴鑫会计师事务所有限公司) who issued a capital verification report (Lu Jian Xin Yan Zi (2015) No. 36) thereupon in the same year.

31. Capital reserve

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium	2,105,347,173.46	329,384,138.00		2,434,731,311.46
Other capital reserve	300,113,799.80			300,113,799.80
Total	2,405,460,973.26	329,384,138.00		2,734,845,111.26

32. Surplus reserve

Items	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	69,236,497.90			69,236,497.90
Total	69,236,497.90			69,236,497.90

33. Undistributed Profit

Items	Amount for the period	Amount for the previous period
Undistributed profits at the end of the previous year before adjustment	5,353,637,774.42	5,067,845,653.00
Total adjustment to undistributed profits at the beginning of the year(Increase+, decrease-)		
Undistributed profits at the beginning of the year after adjustment	5,353,637,774.42	5,067,845,653.00
Add: Net profits attributable to the shareholders of the parent in current year	320,448,839.20	285,792,121.42
Less: Transfer to statutory surplus reserve		
Transfer to discretionary surplus reserve		
Transfer to general risk reserve		
Dividends payable on ordinary shares		
Ordinary share dividends transferred to share capital		
Decrease for other causes		
Undistributed profits at the end of the period	5,674,086,613.62	5,353,637,774.42

34. Operating revenue and operating costs**(1) Breakdown of operating revenue**

Items	Amount for the period		Amount for previous period	
	Revenue	Costs	Revenue	Costs
Principal operations	14,472,463,117.55	12,468,496,039.38	13,339,388,186.02	11,330,624,214.27
Other operations	140,018,671.01	53,530,353.34	117,925,292.47	126,318,484.95
Total	14,612,481,788.56	12,522,026,392.72	13,457,313,478.49	11,456,942,699.22

(2) Principal businesses by industry

Name of industry	Amount for the period		Amount for previous period	
	Revenue from principal operations	Costs of principal operations	Revenue from principal operations	Costs of principal operations
Deep processing of corn	8,586,599,637.88	7,406,408,298.65	8,009,632,367.77	6,884,392,508.89
Aluminum alloys	3,637,234,102.00	3,041,677,223.63	3,268,096,165.35	2,623,597,600.49
Machining	840,634,121.75	687,261,115.76	750,625,643.49	592,098,550.17
Textile	533,772,808.73	500,896,358.94	568,874,194.88	521,425,972.03
Trading	752,124,141.40	731,748,181.15	685,425,601.17	655,364,080.79
Condiment income	26,482,917.40	21,520,395.66	26,120,390.04	24,053,808.35
Electricity and gas			418,682.36	2,805,844.07
Provision of funds	5,040,484.93		1,899,805.83	
Real estate	47,933,588.06	30,617,035.03	26,251,471.13	25,712,802.98
Waste material	40,241,926.29	46,240,640.59		
Others	2,399,389.11	2,126,789.97	2,043,864.00	1,173,046.50
Total	14,472,463,117.55	12,468,496,039.38	13,339,388,186.02	11,330,624,214.27

35. Finance expenses

Items	Amount for the period	Amount for previous period
Interest expenses	351,666,130.90	383,038,763.30
Less: Interest income	33,210,962.02	53,704,334.88
Exchange losses	34,203,260.07	123,374,331.71
Less: Exchange income	115,785.69	576,013.00
Handling charges	6,043,904.79	8,816,191.65
Other expenses	21,164,078.18	9,981.00
Total	379,750,626.23	460,958,919.78

36. Investment income

Items	Amount for the period	Amount for previous period
Long-term equity investment income accounted for with equity method	532,454.83	
Gains on bank wealth management		3,960,663.72
Others	-36,552.62	-41,488,018.31
Total	495,902.21	-37,527,354.59

37. Credit impairment losses

Items	Amount for the period	Amount for previous period
Bad debt losses	-6,652,720.80	-13,071,201.67
Total	-6,652,720.80	-13,071,201.67

38. Gains on Disposal of Assets

Items	Amount for the period	Amount for previous period
Gains on disposal of fixed assets	1,089,812.15	-65,174.25
Gains on disposal of intangible assets		
Total	1,089,812.15	-65,174.25

39. Non-operating income

Items	Amount for the period	Amount for previous period
Government grants	22,816,192.49	169,434,345.66
Gain on inventory taking	112,062.78	1,632,527.03
Income from compensation for default	759,480.71	1,179,472.81
Other gains	5,610,901.39	4,074,019.68
Total	29,298,637.37	176,320,365.18

40. Non-operating expenses

Items	Amount for the period	Amount for previous period
Losses on retirement or damage of assets		18,521.37
Donation to external parties	350,000.00	644,115.44
Indemnities, liquidated damages and penalties	1,191,903.78	11,892,826.64
Other expenses	9,148,621.19	4,675,008.80
Total	10,690,524.97	17,230,472.25

41. Income tax expenses

Items	Amount for the period	Amount for previous period
Income tax for the period	173,722,732.28	197,005,984.26
Deferred income tax expenses	-1,839,676.40	-2,354,082.10
Total	171,883,055.88	194,651,902.16

42. Supplementary information to cash flow statement**(1) Supplementary information to cash flow statement**

Items	Amount for the period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	451,805,672.50	484,457,002.70
Add: Provision for assets impairment		
Credit impairment losses	6,652,720.80	13,071,201.67
Depreciation of fixed assets and depreciation of productive biological assets	443,105,176.36	442,167,192.79
Amortization of intangible assets	29,382,956.77	29,385,975.79

Amortization of long-term deferred expenses	3,207,167.05	32,285,872.13
Loss from disposal of fixed assets, intangible assets and other long-term assets	-1,089,812.15	65,174.25
Loss on retirement of fixed assets ("-" for gain)		
Loss from changes in fair value ("-" for gain)		
Finance costs ("-" for gain)	351,666,130.90	383,038,763.30
Investment loss ("-" for gain)	-495,902.21	37,527,354.59
Decrease in deferred tax assets ("-" for increase)	-1,839,676.40	-2,354,082.10
Increase in deferred tax liabilities ("-" for decrease)		
Decrease in inventories ("-" for increase)	-18,476,917.45	-372,946,017.17
Decrease in operating receivables ("-" for increase)	-631,212,827.37	-825,034,519.24
Increase in operating payables ("-" for decrease)	108,115,255.82	399,177,754.34
Others		
Net cash flows from operating activities	740,819,944.62	620,841,673.05
2. Significant investment and financing activities not involving cash receipts and payments:		
Liabilities converted into equity		
Convertible corporate bonds due within one year		
Fixed assets under financial leases		
3. Net movement in cash and cash equivalents:		
Cash at the end of the period	1,282,630,158.98	1,321,620,670.92
Less: Cash at the beginning of the period	1,321,620,670.92	1,283,042,791.11
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-38,990,511.94	38,577,879.81

(2) Net increase in cash and cash equivalents

Items	Amount at the end of the period	Amount at the beginning of the period
1. Cash	1,282,630,158.98	1,321,620,670.92
Including: Cash on hand	939,581.63	925,561.09
Bank deposits that are readily available for payment	1,281,499,094.07	1,320,695,109.83
Other cash and bank balances readily available for payment	191,483.28	
2. Cash equivalents		
Including: Bond investments due within three months		
3. Closing balance of cash and cash equivalents	1,282,630,158.98	1,321,620,670.92
Including: Cash and cash equivalents restricted from use held by the parent company or the Group's subsidiaries		

43. Assets with restricted the right of ownership or use

Items	Book value at the end of period	Cause of restriction

Items	Book value at the end of period	Cause of restriction
I. Assets used in guarantees		
(1) Buildings	1,257,204,447.60	Set up mortgages for short-term and short-term loan
(2) Machinery and equipment	1,250,835,010.84	
Sub-total	2,508,039,458.44	
II. Assets with restricted ownership due to other reasons		
(3) Other cash and bank balances - Security deposit for bank acceptance	171,568,040.87	Mainly due to deposits for bank acceptance bills, please refer to Note VI.1 "Monetary capital" for details.
Total	2,679,607,499.31	

VII. Change of the consolidation scope

As of the end of 2023, the Company has 42 subsidiaries included in the scope of consolidation in this period. Compared with 2022, the Company's increased 6 subsidiaries due to newly establishment, and decreased 1 due to cancellation in this year.

Change of the consolidation scope due to other reasons during the period

1、Subsidiaries newly included in the consolidation scope during the period

No.	Company name	Shareholding (%)	Place of registration	Registered capital (RMB10,000)	Reason of change
1	Shandong Juneng Special Medical Food Co., Ltd.(山东聚能特医食品有限公司)	100.00	Binzhou	1,000.00	Newly established
2	Shandong Jianlilai Health Technology Co., Ltd.(山东健丽来健康科技有限公司)	100.00	Jinan	500.00	Newly established
3	Shandong Yuhang International Trading Co., Ltd. (山东裕航国际贸易有限公司)	100.00	Zouping	1,000.00	Newly established
4	Shandong Yuhang Metal Materials Co., Ltd. (山东裕航金属材料有限公司)	100.00	Zouping	10,000.00	Newly established
5	Zhejiang Yuhang Precision Technology Co., Ltd. (浙江裕航精密科技有限公司)	100.00	Taizhou	20,000.00	Newly established
6	Taizhou Yuhang Metal Materials Co., Ltd. (台州裕航金属材料有限公司)	100.00	Taizhou	500.00	Newly established

2、Subsidiaries no longer included in the consolidation scope during the period

No.	Company name	Shareholding (%)	Place of registration	Registered capital (RMB10,000)	Reason of change
1	1 Heilongjiang Sanxing Corn Industry Technology Co., Ltd. (黑龙江三星玉米产业科技有限公司)	100.00	Qiqihar	1,000.00	Cancelled

VIII. Interests in Other Entities

1. Interests in subsidiaries

Composition of the Group

No.	Name of subsidiary	Principal place of business	Place of registration	Nature of business	Share-holding (%)		Way of acquisition
					Direct	Indirect	
1	Zouping Sanxing Oil & Fat Co., Ltd. (邹平三星油脂工业有限公司)	Zouping	Zouping	Food processing	54.58	45.33	Incorporation
2	Sanxing Trade	Mauritius	Mauritius	Commercial trade		99.91	Incorporation
3	Changshouhua Food Company Limited (长寿花食品股份有限公司)	Cayman Islands	Cayman Islands	Food processing		99.91	Incorporation
4	Changshouhua Food Company Limited (长寿花食品股份有限公司)	Zouping	Zouping	Food processing		53.55	Incorporation
5	Inner Mongolia Sanxing Corn Industry Technology Co., Ltd. (内蒙三星玉米产业科技有限公司)	Tongliao	Tongliao	Food processing		53.55	Incorporation
6	Liaoning Sanxing Corn Industry Technology Co., Ltd. (辽宁三星玉米产业科技有限公司)	Tieling	Tieling	Food processing		53.55	Incorporation
7	Tonglu Sanxing Corn Industry Technology Co., Ltd. (桐庐三星玉米产业科技有限公司)	Tonglu	Tonglu	Food processing		53.55	Incorporation
8	Guangzhou Jiujiufu Food Co., Ltd. (广州久久福食品有限公司)	Guangzhou	Guangzhou	Food processing		53.55	Incorporation
9	Wuchang Lechu Trading Co., Ltd. (五常市乐厨贸易有限公司)	Wuchang	Wuchang	Food processing		53.55	Incorporation
10	Shandong Jianyuan Oil & Fat Technology Co., Ltd. (山东健源油脂科技有限公司)	Zouping	Zouping	Food processing	100.00		Merger and acquisition
11	Yantai Wanke Food Co., Ltd. (烟台万科食品有限公司)	Yantai	Yantai	Food processing	100.00		Merger and acquisition
12	Zouping Dongming Renewable Resources Co., Ltd. (邹平东明再生资源有限公司)	Zouping	Zouping	Ecological environmental protection	100.00		Incorporation

13	Shandong Liliyuan Grain Sales Co., Ltd.(山东粒粒缘粮食销售有限公司)	Zouping	Zouping	Wholesale business	100.00		Incorporation
14	Shandong Fujia Xiansheng Food Sales Co., Ltd. (山东福佳鲜生食品销售有限公司)	Zouping	Zouping	Wholesale business	100.00		Incorporation
15	China Cooking Oil Co., Ltd (BVI) (中国食用油有限公司(BVI))	Hongkong	Hongkong	Shareholding		99.91	Incorporation
16	San Xin Holdings Limited (三鑫控股有限公司)	Hongkong	Hongkong	Food processing	100.00		Incorporation
17	Juebao Investment Co., Ltd. (BVI) (爵宝投资有限公司(BVI))	Hongkong	Hongkong	Shareholding	100.00		Incorporation
18	Zouping Xingyu Science & Technical Textile Co., Ltd. (邹平星宇科技纺织有限公司)	Zouping	Zouping	Textile processing	90.00		Merger and acquisition
19	Shandong Sanxing Machinery Co., Ltd. (山东三星机械制造有限公司)	Zouping	Zouping	Machinery manufacturing	90.00		Incorporation
20	Zouping Sanxing Steel Structure Co., Ltd. (邹平三星钢结构有限公司)	Zouping	Zouping	Machinery manufacturing	100.00		Incorporation
21	Shandong Mingda Heat and Electricity Co., Ltd. (山东明达热电有限公司)	Zouping	Zouping	Heat and power supply	90.00		Incorporation
22	Shandong Huimin Mingda Oil & Cotton Co., Ltd. (山东惠民明达油棉有限公司)	Huimin County	Huimin County	Agricultural product processing	100.00		Incorporation
23	Inner Mongolia Sanxing Grain & Oil Industry Co., Ltd. (内蒙古三星粮油工业有限公司)	Erdos	Erdos	Food processing	100.00		Merger and acquisition
24	Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司)	Zouping	Zouping	Machinery manufacturing	71.02		Incorporation
25	Shandong Sanxing Properties Co., Ltd. (山东三星置业有限公司)	Zouping	Zouping	Property management	80.00		Incorporation
26	Zouping Jingtai Seedlings Co., Ltd. (邹平景泰苗木有限公司)	Zouping	Zouping	Seedling and planting	100.00		Incorporation
27	Zouping Ruize Private Capital Management Co., Ltd. (邹平县润泽民间资本管理有限责任公司)	Zouping	Zouping	Investment consultation	30.00		Incorporation

28	Shandong Sanxing International Trading Co., Ltd. (山东三星国际贸易有限公司)	Zouping	Zouping	Import and export	84.00		Incorporation
29	Shandong Sanxing Group Oil Products Co., Ltd. (山东三星集团油品有限公司)	Zouping	Zouping	Commercial retail	40.00		Incorporation
30	Shandong Zhichuang Enterprise Management Consulting Co., Ltd. (山东智创企业管理咨询有限公司)	Zouping	Zouping	Management consultancy	100.00		Incorporation
31	Shandong Nuoda Enterprise Management Consulting Co., Ltd. (山东诺达企业管理咨询有限公司)	Zouping	Zouping	Management consultancy	100.00		Incorporation
32	Zouping Sanxing Used Car Trading Co., Ltd. (邹平三星二手车交易有限公司)	Zouping	Zouping	Commercial retail	60.00		Incorporation
33	Weifang Ruimai Trading Co., Ltd. (潍坊瑞迈贸易有限公司)	Weifang	Weifang	Commercial retail	100.00		Incorporation
34	Shandong Yuhang New Material Technology Co., Ltd. (山东裕航新材料科技有限公司)	Zouping	Zouping	Application service	100.00		Incorporation
35	Shandong Sanxing Shuntong Supply Chain Management Service Co., Ltd. (山东三星顺通供应链管理服务有限公司)	Zouping	Zouping	Wholesale business	100.00		Incorporation
36	Tianjin Changshou Xinzhi Equity Investment Fund Partnership (Limited Partnership) (天津长寿信智股权投资基金合伙企业(有限合伙))	Tianjin	Tianjin	Investment management	18.15	81.65	Incorporation
37	Shandong Yuhang International Trading Co., Ltd. (山东裕航国际贸易有限公司)	Zouping	Zouping	Manufacturing		65.26	Incorporation
38	Shandong Yuhang Metal Materials Co., Ltd. (山东裕航国际贸易有限公司)	Zouping	Zouping	Manufacturing		65.26	Incorporation
39	Zhejiang Yuhang Precision Technology Co., Ltd. (浙江裕航精密科技有限公司)	Taizhou	Taizhou	Manufacturing		65.26	Incorporation
40	Taizhou Yuhang Metal Materials Co., Ltd. (台州裕航金属材料有限公司)	Taizhou	Taizhou	Manufacturing		65.26	Incorporation
41	Shandong Juneng Special Medical Food Co., Ltd. (山东聚能特医食品有限公司)	Binzhou	Binzhou	Manufacturing		100.00	Incorporation

42	Shandong Jianlilai Health Technology Co., Ltd. (山东健丽来健康科技有限公司)	Jinan	Jinan	Technical service		100.00	Incorporation

Basis for holding half or less of the voting rights but still controlling the investee:

30.00% equity of and more than 50% voting rights in Zouping Ruize Private Capital Management Co., Ltd. (邹平县瑞泽民间资本管理有限责任公司) are held by the Company.

40.00% equity of Shandong Sanxing Group Oil Products Co., Ltd. (山东三星集团油品有限公司) is held by the Company, while the remaining 60.00% is held by natural persons, which represents a dispersed ownership of equity. Besides, more than 50% voting rights in this subsidiary are possessed by the Company.

2. Interests in associates and joint ventures

Name of associate or joint venture	Place of business	Place of registration	Nature of business	Shareholding (%)		Accounting treatment method of investment in joint ventures or joint ventures
				Direct	Indirect	
Tianjin Changshou Xinnuo Investment Partnership (Limited Partnership) 天津长寿信诺投资合伙企业 (有限合伙)	Tianjin	Tianjin	Investment management	49.98	0.04	Equity method
Binzhou Zhenpu Tuoyuan Equity Investment Partnership (Limited Partnership) (滨州真璞拓远股权投资合伙企业 (有限合伙))	Zouping	Zouping	Investment management	45.00		Equity method

IX. Related Parties and Related Party Transactions

Subsidiaries of the Company

Please see the section headed “1. Interests in Subsidiaries” under Note VIII for details of the subsidiaries.

X. Commitments and Contingencies

1. Significant commitments

The Company did not have any significant commitments as at the end of the period.

2. Contingencies

The Company did not have any contingencies that should be disclosed as at the end of the period.

XI. Events after Balance Sheet Date

The Company did not have any events after balance sheet date that should be disclosed as of 26 April 2024.

XII. Other Significant Matters

The Company did not have any other significant matters such as debt restructuring that should be disclosed as of 31 December 2023.

XIII. Notes to Key Items in the Financial Statements of the Parent Company

1、 Other receivables

(1) Summary table

Items	Closing balance	Opening balance
interests receivable		
Dividends receivable		
Other receivables	3,775,027,174.07	4,784,847,800.88
Total	3,775,027,174.07	4,784,847,800.88

(2) Other receivables

①Other receivables analyzed by type

Category	Closing balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Individual accounts receivable of significant amount and with separate bad debt provision					
Accounts receivable with bad debt provision made according to credit risk characteristics	3,783,684,231.44	100.00	8,657,057.37	0.23	3,775,027,174.07
Individual Accounts receivables of insignificant amounts but with separate provision for bad debts					
Total	3,783,684,231.44	100.00	8,657,057.37	0.23	3,775,027,174.07

(Continued)

Category	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Individual accounts receivable of significant amount and with separate bad debt provision					
Accounts receivable with bad debt provision made according to credit risk characteristics	4,790,808,516.58	100.00	5,960,715.70	0.12	4,784,847,800.88
Individual Accounts receivables of insignificant amounts but with separate provision for bad debts					

Category	Opening balance				
	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Ratio of provision (%)	
Total	4,790,808,516.58	100.00	5,960,715.70	0.12	4,784,847,800.88

②In the portfolio, other receivables for which bad-debt provision has been made based on aging analysis

Aging	Closing balance		
	Book balance	Bad-debt provision	Ratio of provision (%)
Within 1 year (inclusive)	3,723,592,936.81		
1-2 years (inclusive)	33,612,015.60	3,361,201.56	10.00
2-3 years (inclusive)	26,479,279.03	5,295,855.81	20.00
Total	3,783,684,231.44	8,657,057.37	

③Other receivables of the top 5 borrowers determined by the closing balance

Name of entity	Relation-ship with the Company	Book balance	Aging	Proportion in total other receivables Proportion in total (%)
Zouping Xingyu Science & Technical Textile Co., Ltd. (邹平星宇科技纺织有限公司)	Related party	2,132,291,999.39	Within year 1	56.35
Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司)	Related party	753,675,061.06	Within year 1	19.92
Inner Mongolia Sanxing Grain & Oil Industry Co., Ltd. (内蒙古三星粮油工业有限公司)	Related party	410,557,062.25	Within year 1	10.85
Shandong Mingda Heat and Electricity Co., Ltd. (山东明达热电有限公司)	Related party	50,618,308.03	Within year 1	1.34
Jinan Meihui Cereals and Oil Co., Ltd. (济南美惠粮油有限公司)	Unrelated party	45,567,568.60	Within year 1	1.20
Total		3,392,709,999.33		89.66

2、Long-term equity investment

(1) (1) Classification of long-term equity investment

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Investment in subsidiaries	2,108,901,494.26		2,108,901,494.26	2,075,901,494.26		2,075,901,494.26

Items	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Investment in associated companies						
Sub-total	2,108,901,494.26		2,108,901,494.26	2,075,901,494.26		2,075,901,494.26

(2) Investment in subsidiaries

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance
Zouping Sanxing Oil & Fat Co., Ltd. (邹平三星油脂工业有限公司)	228,000,000.00			228,000,000.00
Shandong Sanxing Machinery Co., Ltd. (山东三星机械制造有限公司)	90,000,000.00			90,000,000.00
Zouping Sanxing Steel Structure Co., Ltd. (邹平三星钢结构有限公司)	10,000,000.00			10,000,000.00
Shandong Sanxing Group Oil Products Co., Ltd. (山东三星集团油品有限公司)	2,000,000.00			2,000,000.00
Shandong Mingda Heat and Electricity Co., Ltd. (山东明达热电有限公司)	9,000,000.00			9,000,000.00
Inner Mongolia Sanxing Grain & Oil Industry Co., Ltd. (内蒙古三星粮油工业有限公司)	379,763,644.58			379,763,644.58
Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司)	466,000,000.00	33,000,000.00		499,000,000.00
Shandong Sanxing Properties Co., Ltd. (山东三星置业有限公司)	16,000,000.00			16,000,000.00
Zouping Ruize Private Capital Management Co., Ltd. (邹平县瑞泽民间资本管理有限责任公司)	45,000,000.00			45,000,000.00
Zouping Jingtai Seedlings Co., Ltd. (邹平景泰苗木有限公司)	5,000,000.00			5,000,000.00
Shandong Sanxing International	42,000,000.00			42,000,000.00

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance
Trading Co., Ltd. (山东三星国际贸易有限公司)				
Zouping Xingyu Science & Technical Textile Co., Ltd. (邹平星宇科技纺织有限公司)	138,673,955.88			138,673,955.88
Shandong Zhichuang Enterprise Management Consulting Co., Ltd. (山东智创企业管理咨询有限公司)	200,000,000.00			200,000,000.00
Tianjin Changshou Xinzhi Equity Investment Fund Partnership (Limited Partnership) (天津长寿信智股权投资基金合伙企业(有限合伙))	444,463,893.80			444,463,893.80
Total	2,075,901,494.26	33,000,000.00		2,108,901,494.26

Shandong Sanxing Group Co., Ltd

April 26, 2024

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

**IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHC (COM) 2023/**

**IN THE MATTER OF SECTION 179A OF THE BUSINESS COMPANIES ACT, 2004
AND IN THE MATTER OF KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投资有限公司)
AND IN THE MATTER OF A SCHEME OF ARRANGEMENT**

KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投资有限公司)

Claimant

[draft] **CONVENING ORDER**

Before: The Honourable Justice Paul Webster [Ag.]

Dated: 27 June 2024

Entered: June 2024

UPON THE CLAIM by the Claimant, **Knight Castle Investments Limited (爵堡投资有限公司)** (the "**Company**") by fixed date claim form filed on 22 December 2023 (the "**Fixed Date Claim Form**")

AND UPON the Court adopting in this order (save where terms are otherwise expressly defined in this order) the definitions, abbreviations, words and phrases contained in the draft proposed scheme of arrangement (the "**Scheme**"), as attached as **Annex 1** to this Order

AND UPON reading the Affirmation of Wang Chenggang filed on 2 January 2024 (and exhibit referred thereto filed on 24 June 2024) and the Second Affirmation of Wang Chenggang filed on 24 June 2024 (and the exhibited referred thereto filed on 24 June 2024)

AND UPON the Court hearing Mr Alexander Bryant and Mr Romauld Johnson, Counsel for the Claimant and Mr Greg O'Keefe-Davis and Ms Alik Skelton-Lettsome, Counsel for ACP Fund I LP, ACP Fund II LP, Convenor Investments LP and Centurion Opportunity Fund LP

AND UPON the Court being satisfied that it has jurisdiction in relation to the Scheme on the basis that the Company is a "company" within section 179A of the Business Companies Act 2004

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

IT IS HEREBY ORDERED AND DIRECTED THAT:

Convening of Scheme Meeting

1. The Company be at liberty to convene a single meeting (the "**Scheme Meeting**") of the Scheme Creditors (as defined in the Scheme at Annex 1 of this Order) on a day **no later than 31 July 2024 at 11 am (BVI time)** at the offices of Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola, British Virgin Islands, VG1110 with a live video conference linked to the offices of Ogier at 11/F Central Tower, 28 Queen's Road Central, Central, Hong Kong and via MS Teams or any other virtual means, for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme between the Company and the Scheme Creditors.

Notice of Scheme Meeting

2. Notice of the Scheme Meeting (the "**Scheme Meeting Notice**") shall be substantially in the form set out at **Annex 2** of this Order.
3. At least 21 days before the date of the Scheme Meeting, the Company shall arrange for copies of the Scheme Meeting Notice to be circulated to the Scheme Creditors by:
 - a. publication on a website created and administered by the Information Agent (as defined in the Scheme at Annex 1 of this Order) (<http://www.dfkingltd.com/sanxing/>) (the "**Scheme Website**") for the purpose of disseminating information to Scheme Creditors regarding the Scheme;
 - b. a corporate action notification through the Clearing Systems (as defined in the Scheme at Annex 1 of this Order); and
 - c. electronic mail to each person who the Company believes is or may be a Scheme Creditor for whom the Company has a valid email address.
4. At least 21 days prior to the Scheme Meeting, the Company shall place an announcement on the website of the Singapore Exchange Securities Trading Limited and an advertisement substantially in the form set out in Annex 2 of this Order in each of the BVI Beacon, the South China Morning Post (in English) and the Sing Tao Daily (in Chinese).
5. When providing the Scheme Meeting Notice in accordance with paragraph 3 above, the Company shall provide a link to the Scheme Website to enable the Scheme Creditors to access electronic copies of the following documents:

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

- a. The Explanatory Statement for the Scheme;
- b. The Scheme; and
- c. The Solicitation Packet (including without limitation, the Account Holder Letter);

(together the "**Scheme Documents**", each of which shall, in each case, be substantially in the form of the drafts exhibited in the draft explanatory statement exhibited to the Second Affirmation of Wang Chenggang filed in support of the Fixed Date Claim Form (subject to the completion of blanks and minor modifications as advised by the advisors of the Company and/or the Information Agent, together with any documents appended, annexed or scheduled thereto)).

- 6. The Company shall make available to Scheme Creditors, free of charge, copies of the Scheme and the Explanatory Statement for collection from 9:00am to 5:00pm (Hong Kong time) on any day (other than Saturdays, Sundays or statutory holidays in Hong Kong) prior to the day appointed for the Scheme Meeting from Ogier at 11/F Central Tower, 28 Queen's Road Central, Central, Hong Kong, and from 9:00am to 5:00pm (BVI time) on any day (other than Saturdays, Sundays or statutory holidays in the BVI) prior to the day appointed for the Scheme Meeting from Ogier, Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- 7. Any supplemental information not included with the Scheme Meeting Notice which the Company wishes to provide to the Scheme Creditors in advance of the Scheme Meeting (or any adjourned Scheme Meeting) shall be provided in the manner described in paragraphs 3 and 5 above (save that the Company has permission to abridge the 14 clear day stated time limited to a shorter time period, provided Scheme Creditors must have sufficient time to consider such supplemental information before the Scheme Meeting or any adjourned Scheme Meeting).
- 8. Unless the Court orders otherwise, any accidental omission to circulate to any Scheme Creditor the Scheme Meeting Notice or the non-receipt of such notice or any of the documents referred to in paragraphs 3 and 5 above by any Scheme Creditor shall not invalidate the proceedings of the Scheme Meeting, or any resolutions passed thereat.

Chair of Scheme Meeting

- 9. Mr Nicholas Brookes, a partner of Ogier, of Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (or such other person(s) of Ogier as appropriate) be appointed as the chairperson of the Scheme Meeting (the "**Chairperson**") on behalf of the Company.

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

Determination of entitlement to vote at the Scheme Meeting

10. The Chairperson be responsible for determining in accordance with the relevant provisions in the Scheme Documents, the entitlement of, and value for which, any Scheme Creditor be permitted to vote at the Scheme Meeting by reference to the information supplied by the Scheme Creditor and/or by reference to information contained in the Company's books and records.
11. The Chairperson shall have absolute discretion (in the absence of manifest error, wilful default, wilful misconduct and/or fraud) to permit any Scheme Creditor to vote at the Scheme Meeting, notwithstanding that the Account Holder Letter had not been validly completed in accordance with the instructions set out in the Solicitation Packet, provided that the Chairperson considers that the information contained therein is sufficient to establish the right of the Scheme Creditor to vote at the Scheme Meeting.
12. The Chairperson shall be entitled to rely on the signature on the Account Holder Letter, including one sent by e-mail or fax, as a warranty that the signatory has been duly authorised by the relevant Scheme Creditor to sign the account Holder Letter on behalf of that Scheme Creditor.
13. The decision of the Chairperson of the Scheme Meeting as to the admission of votes at the Scheme Meeting shall be final and binding to the fullest extent permitted by law for the purposes of, and in relation to the proceedings at, the Scheme Meeting.
14. The Chairperson be at liberty in their absolute discretion to permit the attendance of persons who are not otherwise entitled to attend and vote at a Scheme Meeting, unless an objection is taken by (or by a person appointed to vote by proxy for) a Scheme Creditor entitled to attend and vote at the relevant Scheme meeting, provided that such a person shall not be entitled to speak at the relevant Scheme Meeting without the permission of the Chairperson.
15. The Chairperson (with such assistance from the Information Agent or other as they may require) shall be response for:
 - a. Counting the votes submitted at the Scheme meeting; and
 - b. Providing a report to this Court setting out the votes submitted at the Scheme Meeting.

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

Voting at Scheme Meeting

16. It is directed that Madison Pacific Trust Limited, in its capacity as the trustee under the Indenture, shall not vote in respect of the Notes at the Scheme Meeting.
17. It is directed that Citivic Nominees Limited, in its capacity as the common depositary and as registered holder of the Notes, shall not vote in respect of the Notes at the Scheme Meeting.
18. In order to vote on the Scheme (in person, by authorised representative and/or by proxy), Scheme Creditors shall return their duly completed and signed Account Holder Letter so that it is received no later than the Record Time (as defined in the Scheme Documents) in accordance with the instructions in the Scheme Documents.
19. The Scheme Creditors as at the Record Time (as defined in the Scheme Documents), will be entitled to attend and vote at the Scheme Meeting (either in person, by authorised representative and/or proxy by way of submission of an Account Holder Letter in accordance with paragraph 18 of this Order above).
20. The Chairperson be entitled to accept proxies by way of an Account Holder Letter received in Accordance with paragraph 18 of this Order above provided that they are legible.

Adjournment of Scheme Meeting

21. The Chairperson be at liberty to adjourn the Scheme Meeting for a period not exceeding 7 calendar days by written notice to be sent to Scheme Creditors not less than three calendar days prior to the day appointed for the Scheme Meeting.
22. The Chairperson, during the course of the Scheme Meeting, be at liberty to adjourn the Scheme Meeting for such period as they shall deem appropriate.
23. In so far as practicable, notification of the time, date and place at which any adjourned Scheme Meeting will occur should be given to Scheme Creditors in accordance with paragraph 4 of this Order.

Chairperson's report to the Court and Sanction Hearing

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

24. The Fixed Date Claim Form be adjourned and if the Scheme is approved at the Scheme Meeting by a majority in number representing 75% in value of Scheme Creditors present in person or by proxy and voting at the Scheme Meeting or any adjournment thereof:
- a. the Chairperson shall file with this Honourable Court a report concerning the Scheme Meeting and the voting outcome at the Scheme Meeting prior to the Sanction Hearing (as defined below); and
 - b. the Fixed Date Claim Form be listed for final determination at which this Honourable Court will determine whether or not to sanction the Scheme, on an urgent basis at time convenient to the Court and counsel, with a time estimate of 2 hours (the **"Sanction Hearing"**).

Appointment of Foreign Representative

25. Mr Wang Chenggang is hereby appointed as the Company's foreign representative (the **"Foreign Representative"**) of the Company, authorised in these proceedings to act as the Foreign Representative for the purposes of any proceedings commenced under Chapter 15 of the US Bankruptcy Code (Title 11 of the United States Code) or otherwise and such other relief as he may deem appropriate in the United States or elsewhere under the relevant local laws.
26. The Foreign Representative is authorised on behalf of the Company to take any and all actions to execute, deliver, certify, file and/or record and perform any and all documents, agreements, instruments, motions, affidavits, applications for approvals or rulings of governmental or regulatory authorities, or certificates, and to take any and all steps deemed by the Foreign Representative to be necessary or desirable to carry out the purpose and intent of the Scheme including, for the avoidance of doubt, filing any petition or other request for relief intended to be filed under Chapter 15 of the US Bankruptcy Code and/or under other relevant local laws, to the extent required.

Permission to apply

27. The Company and/or the Chairperson shall have permission to apply for such further or amended directions in this matter as they, or any of them, may consider necessary or appropriate.
28. Liberty to apply.

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

Costs

29. The costs of this hearing be reserved.

BY ORDER OF THE COURT

REGISTRAR

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

ANNEX 1

THE PROPOSED SCHEME OF ARRANGEMENT

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

ANNEX 2

NOTICE OF SCHEME MEETING

APPENDIX 9 – Scheme Meeting Convening Order
(in approved form, subject to sealing by the Court)

**THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS**

COMMERCIAL DIVISION

CLAIM NO. BVIHC (COM) 2023/

**IN THE MATTER OF SECTION 179A OF THE BVI
BUSINESS COMPANIES ACT, 2004**

**AND IN THE MATTER OF A SCHEME OF
ARRANGEMENT**

**KNIGHT CASTLE INVESTMENTS LIMITED (爵堡
投资有限公司)**

Claimant

[draft] **ORDER**



Ritter House
Wickham's Cay II
Road Town, Tortola
British Virgin Islands
VG1110
Tel.: +1 284 852 7300

Ref.: HKL/JDV/SQN/KYC/181360.00002

Legal Practitioners for the Claimant

NOTICE OF SCHEME MEETING

IN THE EASTERN CARIBBEAN SUPREME COURT
IN THE HIGH COURT OF JUSTICE
VIRGIN ISLANDS
COMMERCIAL DIVISION
CLAIM NO. BVIHCOM2023/0296

IN THE MATTER OF SECTION 179A OF THE BUSINESS COMPANIES ACT, 2004
AND IN THE MATTER OF KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投资有限公司)
AND IN THE MATTER OF A SCHEME OF ARRANGEMENT

KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投资有限公司)

Claimant

Terms used in this notice have the same meaning as in the explanatory statement dated 3 July 2024 (the "**Explanatory Statement**") relating to the proposed scheme of arrangement under Section 179A of the BVI Business Companies Act between Knight Castle Investments Limited (爵堡投资有限公司) (the "**Company**") and the Scheme Creditors (the "**Scheme**").

NOTICE IS HEREBY GIVEN that, by an order dated 27 June 2024 (the "**Convening Order**"), the High Court of Justice of the Eastern Caribbean Supreme Court of the Virgin Islands (the "**BVI Court**") has directed that a meeting of Scheme Creditors (the "**Scheme Meeting**") of the Company be convened for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme.

The Scheme Meeting will be held at the offices of Ogier at Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Ogier BVI Office**") with a live video conference linked to the offices of Ogier at 11/F Central Tower, 28 Queen's Road Central, Central, Hong Kong (the "**Ogier HK Office**") at 8:00am (BVI time) on 26 July 2024, the equivalent being 8:00pm (Hong Kong time) on 26 July 2024.

Scheme Creditors will be able to attend the Scheme Meeting in person or by proxy in the Ogier BVI Office. Scheme Creditors will also be able to join by video conference (i) at the Ogier HK Office, or (ii) by Zoom using dial-in details which may be obtained on request from the Information Agent.

Scheme Creditors may also dial in by telephone in listening mode by using dial-in details which may be obtained on request from the Information Agent (but it will not be possible to vote at the Scheme Meeting by telephone).

Scheme Creditors may vote in person (or, if a corporation, appoint a duly authorised representative) or by proxy to vote in their place.

By the Convening Order, the BVI Court has directed that Citivic Nominees Limited, in its capacity as the common depositary and as registered holder of the Notes shall not vote in respect of the Notes at the Scheme Meeting.

Each Scheme Creditor (or, if a corporation, its duly authorised representative) or proxy will be required to register its attendance at the Scheme Meeting prior to the commencement of the Scheme Meeting. Registration in respect of the Scheme Meeting will commence no later than one hour before the scheduled start time of 8:00 a.m. (BVI time), the equivalent being 8:00 p.m. (Hong Kong time), on the date of the Scheme Meeting and each Scheme Creditor (or, if a corporation, its

duly authorised representative) or proxy must be registered prior to the commencement of the meeting.

Any Scheme Creditor who would like to attend the Scheme Meeting in person in the Ogier BVI Office or join the video conference in person at the Ogier HK Office shall contact Ogier at the contact details below as soon as possible and in any event no later than one business day before the Scheme Meeting in order for the Ogier BVI Office and the Ogier HK Office to make the necessary arrangements.

In order to vote on the Scheme and attend the Scheme Meeting in person (or, if a corporation, by a duly authorised representative) or by proxy, a Scheme Creditor must ensure that an Account Holder Letter is completed and lodged with the Information Agent online at the Transaction Website in accordance with the instructions set out in the Solicitation Packet by no later than the Record Time for the Scheme, being 11:00 am BVI time on 23 July 2024, the equivalent being 11:00pm Hong Kong time on 23 July 2024.

Copies of the Explanatory Statement, which includes, *inter alia*, the Scheme and the Solicitation Packet (this will include the Account Holder Letter) are available to download from the Transaction Website subject to entering a valid password. Passwords may be obtained by contacting the Information Agent. Printed copies of the Schemes, the Explanatory Statement and the Solicitation Packet (this will include the Account Holder Letter) can be obtained free of charge by Scheme Creditors from 9:00 a.m. to 5:00 p.m. (BVI time) on any day (other than Saturdays, Sundays or statutory holidays in the BVI) prior to the day appointed for the Scheme Meeting from the Ogier BVI Office and from 9:00 a.m. to 5:00 p.m. (Hong Kong time) on any day (other than Saturdays, Sundays or statutory holidays in Hong Kong) prior to the day appointed for the Scheme Meeting, from the Ogier HK Office.

By the Convening Order, the BVI Court appointed Mr Nicholas Brookes, a partner of Ogier, of Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (or such other person(s) of Ogier as appropriate) as chairperson of the Scheme Meeting and directed the Chairperson to report the results of the Scheme Meeting to the BVI Court.

The Scheme will be subject to the subsequent approval of the BVI Court and to the fulfilment or waiver (as applicable) of the conditions of the Scheme as set out in the Explanatory Statement.

The application seeking sanction of the Scheme is yet to be fixed for hearing and will be announced by the BVI Court in due course (the "**BVI Sanction Hearing**"). All Scheme Creditors are entitled to attend the BVI Sanction Hearing in person or through counsel to oppose the sanctioning of the Scheme.

For further information please contact:

D.F. King Ltd, as Information Agent

Email: sanxing@dfkingltd.com

Telephone: in Hong Kong +852 5803 3889
 in London +44 20 3885 1837

Attention: Debt Team

Ogier, as Company's Legal Advisors

Address: Ritter House, Wickhams Cay II, Road Town
 Tortola, VG1110, British Virgin Islands

Email: nicholas.brookes@ogier.com

justin.davis@ogier.com

shane.quinn@ogier.com

kay.cheng@ogier.com

Date: 3 July 2024

KNIGHT CASTLE INVESTMENTS LIMITED

計劃會議通知

東加勒比最高法院
英屬維爾京群島高等法院
商事法庭
英屬維爾京群島高等法院（商事）案件 2023 年第 號

有關 **KNIGHT CASTLE INVESTMENTS LIMITED**
及有關英屬維爾京群島 2004 年《商業公司法》第 179A 條及有關安排計劃

KNIGHT CASTLE INVESTMENTS LIMITED

申請人

本通知所用詞彙與有關 Knight Castle Investments Limited（爵堡投資有限公司）（「本公司」）與計劃債權人於英屬維爾京群島二零零四年《商業公司法》第 179A 條下的建議安排計劃（「該計劃」）日期為 2024 年 7 月 3 日的說明函件（「說明函件」）中所用詞彙具有相同涵義。

茲通告根據日期為 2024 年 6 月 27 日的命令（「召開命令」），英屬維爾京群島東加勒比高等法院（「英屬維爾京群島法院」）已指示須召開本公司計劃債權人會議（「計劃會議」），以供考慮及酌情批准（不論有否修訂）該計劃。

計劃會議將於英屬維爾京群島時間 2024 年 7 月 26 日上午 8:00 時（即香港時間 2024 年 7 月 26 日下午 8:00 時）在 Ogier 辦公室（地址為 Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands）（「Ogier 英屬維爾京群島辦事處」）舉行，現場視像會議將連接至 Ogier（地址為香港中環皇后大道中 28 號中匯大廈 11 樓）（「Ogier 香港辦事處」）。

計劃債權人可親自或委託代理人在 Ogier 英屬維爾京群島辦事處出席計劃會議。計劃債權人還可以通過視像會議 (i) 在 Ogier 香港辦事處或 (ii) 在 Zoom 以直撥電話詳細資料參加，此等詳細資料可向資訊代理要求獲得。

計劃債權人也可以使用向資訊代理要求獲得的直撥電話詳細資料以聆聽模式通過電話撥入參加（惟不能通過電話在計劃會議上投票）。計劃債權人可親身（或如果是公司，則由正式授權代表）投票或由受委代表代其投票。根據召開命令，英屬維爾京群島法院已指示 Citivic Nominees Limited（作為共同存託人及票據的註冊持有人）不得在計劃會議上就票據投票。

每名計劃債權人（或如果是公司，則由正式授權代表）或受委代表將須在計劃會議開始之前登記出席計劃會議。計劃會議的相關登記將不遲於計劃會議日期的預定開始時間（即英屬維爾京群島時間上午八時 / 香港時間下午八時）前一個小時開始，而每名計劃債權人（或如果是公司，則由正式授權代表）或受委代表須在會議開始之前完成登記。

任何擬親身到 Ogier 英屬維爾京群島辦事處參加計劃會議或親自到 Ogier 香港辦事處參加視像會議的計劃債權人應盡快（無論如何不得遲於計劃會議前一個工作日）通過以下聯繫方式聯繫 Ogier，以便 Ogier 英屬維爾京群島辦事處及 Ogier 香港辦事處作出必要安排。

為就該計劃投票並親身或透過受委代表出席（或如果是公司，則由正式授權代表出席）計劃會議，計劃債權人須確保已按照征詢資料集中載列的指示填妥賬戶持有人函件，並不遲於計劃的記錄時間（即英屬維爾京群島時間 2024 年 7 月 23 日上午 11 時（即香港時間 2024 年 7 月 23 日下午 11 時））前透過交易網站提交予資訊代理。

其中包括該計劃及征詢資料集（將包括賬戶持有人函件）的說明函件的副本可透過交易網站輸入有效的密碼下載。計劃債權人可聯繫資訊代理人獲取密碼。

計劃債權人可於指定舉行計劃會議日前任何日子（星期六、星期日或英屬維爾京群島 法定假日除外）於英屬維爾京群島時間上午九時正至下午五時正在 **Ogier** 英屬維爾京群島辦事處及於指定舉行計劃會議日前任何日子（星期六、星期日或香港法定假日除外）於香港時間上午九時正至下午五時正在 **Ogier** 香港辦事處免費索取該計劃、說明函件及征詢資料集（將包括賬戶持有人函件）的列印本。

根據召開命令，英屬維爾京群島法院已委任 **Ogier** 的合夥人 **Nicholas Brookes** 先生（地址為 **Ritter House, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands**）擔任計劃會議的主席，並指示主席向英屬維爾京群島法院報告計劃會議的結果。

該計劃其後須經英屬維爾京群島法院批准，並須待說明函件所載該計劃的條件獲達成或豁免（如適用）後，方能生效。

申請法院批准該計劃的呈請聆訊期還沒被宣布（「**英屬維爾京群島批准聆訊**」）。全體計劃債權人均有權親身或委派律師出席英屬維爾京群島批准聆訊，以支持或反對批准該計劃。

有關更多信息，請聯繫：

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日期： 2024 年 7 月 3 日

KNIGHT CASTLE INVESTMENTS LIMITED（爵堡投資有限公司）

Dated [●] 2024

Indenture

among

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司
(as “**Issuer**”)

SHANDONG SANXING GROUP COMPANY LTD,
(山东三星集团有限公司)
(as “**Parent Guarantor**”)

and

MADISON PACIFIC TRUST LIMITED
(as “**Trustee**” and as “**Collateral Agent**”)

in relation to

4.00% Guaranteed Senior Notes due 2029

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INDENTURE, dated as of [●] 2024, among KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有限公司, a company incorporated in the British Virgin Islands, as the Issuer, Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People's Republic of China, as the Parent Guarantor, and Madison Pacific Trust Limited, as the Trustee, and Madison Pacific Trust Limited, as the Collateral Agent.

RECITALS

WHEREAS, on [●], 2024, the Eastern Caribbean Supreme Court in High Court of Justice of the Virgin Islands, by an order made on [●], 2024, sanctioned a scheme of arrangement between the Issuer and a class of its creditors, which scheme of arrangement was proposed by the Issuer pursuant to section 179A of the BVI Business Companies Act 2004 (as amended), for the purposes of restructuring Issuer's indebtedness under the US\$200,000,000 7.99% Senior Notes due 2021 issued by the Issuer (now cancelled) (the "**Scheme**").

WHEREAS, the Issuer has duly authorized the execution and delivery of this Indenture to provide for the issuance of up to US\$[●] aggregate principal amount of the Issuer's 4.00% Guaranteed Senior Notes due 2029 (the "**Notes**"), as part of the Scheme. All things necessary to make this Indenture a valid agreement of the Issuer, in accordance with its terms, have been done, and the Issuer has done all things necessary to make the Notes, when executed by the Issuer and authenticated and delivered by or on behalf of the Registrar and duly issued by the Issuer, the valid obligations of the Issuer as hereinafter provided.

WHEREAS, the Parent Guarantor has duly authorized the execution and delivery of this Indenture as Parent Guarantor of the Notes. All things necessary to make this Indenture a valid agreement of the Parent Guarantor, in accordance with its terms, have been done, and the Parent Guarantor has done all things necessary to make the Parent Guarantee, when the Notes are executed by the Issuer and authenticated and delivered by or on behalf of the Registrar and duly issued by the Issuer, a valid obligation of the Parent Guarantor as hereinafter provided.

WHEREAS, the Issuer and the Parent Guarantor have irrevocably appointed the Collateral Agent (as defined herein), and each member of the Group has duly authorized, executed and delivered on the date hereof each of the Collateral Documents to which it is a party and has granted or caused to be granted a security interest in the Collateral to the Collateral Agent for the benefit of the Collateral Agent, the Trustee and the Holders of the Notes from time to time in order to secure the obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors, if any, under the Notes, the Note Guarantees, and this Indenture.

THIS INDENTURE WITNESSETH

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, the parties hereto covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

“**Additional Amounts**” has the meaning assigned to such term in Section 4.20.

“**Additional Collateral Security Documents**” means the security documents, other than the Initial Collateral Security Documents, under which any collateral that secures the obligations under the Notes, the Note Guarantees and this Indenture from time to time shall be pledged in favor of the Trustee, the Collateral Agent and/or any Holders.

“**Affiliate**” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child, parent, brother, sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Affiliate Transaction**” has the meaning assigned to such term in Section 4.13.

“**Agent**” means any of the Paying Agent, the Transfer Agent and the Registrar.

“**Amortization Date**” means 30 January and 30 July of each year, commencing on [30 July 2024] until maturity.

“**Applicable Law**” means any law or regulation including, but not limited to any applicable: (i) statute or regulation; (ii) rule or practice of any Authority by which the Issuer is bound or with which it is accustomed to comply; (iii) agreement between any Authorities; and (iv) customary agreement between any Authority and any Party (as defined in Section 7.34).

“**Applicable Procedures**” means, with respect to any selection of Notes or any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Common Depositary, Euroclear and Clearstream that apply to such selection, transfer or exchange.

“**Asset Acquisition**” means (1) an investment by the Parent Guarantor 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 Parent Guarantor or any Restricted Subsidiary; or (2) an acquisition by the Parent Guarantor or any Restricted Subsidiary of the property and assets of any Person other than the Parent Guarantor 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 Parent Guarantor or any Restricted Subsidiary (other than to the Parent Guarantor 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 Parent Guarantor 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 of a Restricted Subsidiary) in one transaction or a series of related transactions by the Parent Guarantor 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 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 Section 4.05;

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1 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 Parent Guarantor or the Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by Section 5.01;

(7) a sale, transfer or other disposition to the Parent Guarantor, Restricted Subsidiary or any Person that will, upon the consummation of and pursuant to such sale, transfer or other disposition, become a Restricted Subsidiary, including, without limitation, an issuance of Capital Stock by a Restricted Subsidiary to the Parent Guarantor or to another Restricted Subsidiary;

(8) dispositions of receivables, contractual rights, tort claims or similar rights in connection with the compromise, settlement or collection thereof in the ordinary course of business or in a bankruptcy or similar proceeding of a third party (excluding factoring or similar arrangements); and

(9) any transfer, termination, unwinding or other disposition of Hedging Obligations.

“**Associate**” means any corporation, association or other business entity primarily engaged in a Permitted Business, of which at least 20.0% of the voting power of the outstanding Capital Stock is owned, directly or indirectly, by the Parent Guarantor or any Restricted Subsidiary and which is treated as an “associate” in accordance with GAAP, and such Associate’s Subsidiaries.

“**Attributable Indebtedness**” means, in respect of a Sale and Leaseback Transaction, 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.

“**Authority**” means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction.

“**Authorization Certificate**” has the meaning assigned to such term in Section 2.02(a).

“**Authorized Officer**” means, with respect to the Issuer, the Parent Guarantor or a Subsidiary Guarantor, as applicable, any officer or director, who, in each case, is authorized to represent the Issuer, the

Parent Guarantor or such Subsidiary Guarantor, as the case may be.

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

“Beneficial Holder” means any Person who holds a beneficial interest in a Global Note as shown on the books of the Common Depository or a Participant.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Parent Guarantor to manage the business of the Parent Guarantor 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.

“Book-Entry System” means the record entry and securities transfer and pledge system, which is administered and maintained by Euroclear and Clearstream (or their respective agents) in accordance with the operating rules and procedures of its securities settlement service for book-entry only notes in force from time to time, or any successor system.

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

“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.

“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 stock, limited liability company interests or other equity interests of such Person, whether outstanding on the Original Issue Date or issued thereafter, that confer the right to receive a share of the profits and losses of, or distributions of, such Person, including, without limitation, all Common Stock and Preferred Stock, but excluding (x) debt securities convertible or exchangeable for any securities otherwise constituting Capital Stock pursuant to this definition, whether or not such debt securities include any right of participation with Capital Stock, and (y) Perpetual Bond Obligations.

“Certificated Notes” means the Notes (with the Parent Guarantee, and if applicable, the Subsidiary

Guarantees, endorsed thereon), in certificated, registered form, executed and delivered by the Issuer (and the Parent Guarantor, and if applicable, each Subsidiary Guarantor) and authenticated by or on behalf of the Registrar in exchange for the Global Notes, upon the occurrence of the events set forth in the second sentence of Section 2.04(h).

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

(1) the merger, amalgamation or consolidation of the Parent Guarantor with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Parent Guarantor other than any such transaction where the Voting Stock of the Parent Guarantor outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting 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, or the direct or indirect sale of all or substantially all the consolidated assets of the Parent Guarantor to another Person (other than one or more Permitted Holders);

(2) the Permitted Holders are the beneficial owners (as such term is used in Rule 13d3 of the Exchange Act) of less than 50.1% of the total voting power of the Voting Stock of the Parent Guarantor;

(3) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election or nomination to the Board of Directors was approved by a vote of the Permitted Holders, cease for any reason to constitute a majority of the Board of Directors then in office; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor.

“Change of Control Offer” has the meaning assigned to such term in Section 4.11.

“Clearstream” means Clearstream Banking S.A.

“Collateral” means the collateral referred to in the Initial Collateral Security Documents and the Additional Collateral Security Documents.

“Collateral Agent” means the party named as such in the first paragraph of this Indenture or any successor collateral agent appointed in accordance with the applicable provisions of this Indenture and the Collateral Documents and thereafter means the successor serving thereunder.

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

“Common Depositary” means Citibank Europe Plc, as common depositary for Euroclear and/or Clearstream, or any successor person thereto.

“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 nonvoting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of this Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the total consolidated assets of such Restricted Subsidiary measured in accordance with GAAP as of the

last day of the most recent fiscal quarter for which consolidated financial statements of the Parent Guarantor and its Restricted Subsidiaries (which the Parent Guarantor shall use its reasonable best efforts to compile on a timely basis and which may be internal consolidated financial statements) are available.

“Consolidated EBITDA” means, with respect to any Person for any period, Consolidated Net Income of such Person 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 nonrecurring gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income;

all as determined on a consolidated basis for such Person and its Subsidiaries (excluding Unrestricted Subsidiaries) in conformity with GAAP; *provided* that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Parent Guarantor or any of the Restricted Subsidiaries; and (ii) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any noncash 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, with respect to any Person 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, Preferred Stock or Perpetual Bond Obligation of such Person or any of its Restricted Subsidiaries held by Persons other than the Parent Guarantor or any Restricted Subsidiary, except for dividends payable in the Parent Guarantor's Capital Stock (other than Disqualified Stock) or paid to the Parent Guarantor or to a Restricted Subsidiary.

“Consolidated Interest Expense” means, with respect to any Person 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 such Person 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 such Person and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (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 (other than such Person or any of its Restricted Subsidiaries) that is Guaranteed by, or secured by a Lien on any asset of, such Person or any of its Restricted Subsidiaries, (7) any capitalized interest (including capitalized interest included in the cost of sale), and (8) all other non-cash interest expense; *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 Person for any period, the aggregate of the net profit (or loss), attributable to the shareholders of such Person, 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 Parent Guarantor’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 Parent Guarantor 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 Parent Guarantor’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 Parent Guarantor or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Parent Guarantor or any of the Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Parent Guarantor or any of the Restricted Subsidiaries;

(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 constitutive document 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 asset of the Parent Guarantor or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Parent Guarantor or a Restricted Subsidiary realized on sales of Capital Stock of the Parent Guarantor or of any Restricted Subsidiary);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semiannual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Parent Guarantor and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Parent Guarantor, 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 Parent Guarantor or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

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

“Corporate Trust Office” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of this Indenture is located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong SAR, Attn: Cassandra Ho, email: trustee@madisonpac.com, facsimile number: +852 2599 9501.

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

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after 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 date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in Section 4.11 and Section 4.12 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer’s or the Parent Guarantor’s repurchase of such Notes as are required to be repurchased pursuant to Section 4.11 and Section 4.12.

“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 noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

“Enhanced Return Notes” means the 1% enhanced return notes due 2029 issued or to be issued by the Issuer on or around the Original Issue Date (as such may be amended, supplemented or modified from time to time) and guaranteed by the Parent Guarantor.

“Entrusted Loan” means a borrowing by a PRC Restricted Subsidiary from a bank that is secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowing; provided that (i) such borrowings are not reflected on the consolidated balance sheet of the Parent Guarantor and (ii) the amount (if any) of such borrowing in excess of the amount of such deposit

shall not be deemed an Entrusted Loan.

“ERN Event of Default” means any event or circumstance specified as an event of default in the Enhanced Return Notes or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Enhanced Return Notes or any combination of any of the foregoing) be an event of default, provided that any such event or circumstance which requires the satisfaction of a condition as to materiality before it becomes an event of default shall not be a ERN Event of Default unless that condition is satisfied.

“ERN Indenture” means indenture with respect to the Enhanced Return Notes (including all schedules and exhibits thereto) as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions thereunder.

“Euroclear” means Euroclear Bank SA/NV.

“Event of Default” has the meaning assigned to such term in Section 6.01.

“Excess Proceeds” has the meaning assigned to such term in Section 4.12(c).

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

“Exempted Subsidiary” means (i) any Restricted Subsidiary organized under the laws of the PRC, and (ii) any Restricted Subsidiary that is prohibited by applicable law or regulation from providing a Subsidiary Guarantee; provided that for the purposes of clause (ii), (x) the Parent Guarantor shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such 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 all such prohibitions ceasing to be in force or apply to such Restricted Subsidiary or upon the Parent Guarantor having obtained such applicable approvals or registrations.

“Existing and Future Secured Obligations” has the meaning assigned to such term in Section 15.01.

“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.

“Financial Company Investor” means an Independent Third Party that is a financial institution, including but not limited to a bank, a trust company, a fund, a fund management company, a securities management company, an asset management company or an insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Fitch” means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor 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 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 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 Parent Guarantor 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;

(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 will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Hedging Agreement applicable to such Indebtedness if such Interest Rate Hedging 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 will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) *pro forma* effect will 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 will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Parent Guarantor 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 sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will 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.

“**Force Majeure Event**” means any event (including but not limited to an act of God, fire, epidemics, explosion, floods, earthquakes, typhoons; riot, civil commotion or unrest, insurrection, terrorism, war, strikes or lockouts; nationalization, expropriation or other governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules, currency restrictions, devaluations or fluctuations; market conditions affecting the execution or settlement of transactions or the value of assets; and breakdown, failure or malfunction of any telecommunications, computer services or systems, or other causes) beyond the control of any party which restricts or prohibits the performance of the obligations of such party

contemplated by this Indenture or the Paying Agent, Transfer Agent and Registrar Appointment Letter.

“GAAP” means generally accepted accounting principles in the PRC as in effect from time to time.

“Global Note” means, individually and collectively, each of the Rule 144A Global Notes, the IAI Global Notes and the Regulation S Global Notes deposited with or on behalf of and registered in the name of the Common Depositary or its nominee for the accounts of Euroclear and Clearstream, substantially in the form of EXHIBIT D hereto and that bears the Global Note Legend and the Private Placement Legend.

“Global Note Legend” means the legend set forth in Section 2.04(f) hereof to be placed on all Global Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“Group” means the Parent Guarantor and its Subsidiaries.

“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 Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement.

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

“IAI Global Note” means a Global Note substantially in the form of EXHIBIT D bearing the Global Note Legend and the Private Placement Legend and deposited with the Common Depositary and registered in the name of the Common Depositary or its nominee, that will be issued on the Original Issue Date in an initial amount equal to the principal amount of the Notes offered and sold to an “Accredited Investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) within the United States.

“Incur” means, with respect to any Indebtedness, 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; *provided* that (1) any Indebtedness and Disqualified Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing.

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

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations;

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends;

(10) all Perpetual Bond Obligations; and

(11) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (i) any capital commitments, deferred payments 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, in each case in accordance with customary market practices or any Entrusted Loan and (ii) obligations of the Parent Guarantor or a Restricted Subsidiary to pay the deferred and unpaid purchase price of property or services due to suppliers of equipment or other assets (including parts thereof) not more than one year after such property is acquired or such services are completed and the amount of unpaid purchase price retained by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business in connection with an acquisition of equipment or other assets (including parts thereof) pending full operation or contingent on certain conditions during a warranty period of such equipment or assets in accordance with the terms of the acquisition; *provided* that, in each case, such Indebtedness is not reflected as borrowings or indebtedness on the consolidated balance sheet of the Parent Guarantor (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the balance sheet as borrowings or indebtedness 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 Section 4.04(b)(v) or (ii) equal to the net amount payable by such Person if the Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement giving rise to such Hedging Obligation were terminated at that time due to default by such Person if not Incurred pursuant to such paragraph.

“Indenture” means this indenture (including all Schedules and Exhibits hereto) as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

“Independent Third Party” means any entity that is not an Affiliate of the Parent Guarantor.

“Initial Collateral Security Documents” means the Issuer Share Charge, the Intercompany Loan Assignment and the Issuer Debenture.

“Intercompany Loan” means the loan advanced by the Issuer to the Parent Guarantor on the terms of the Intercompany Loan Agreement.

“Intercompany Loan Agreement” means the PRC law governed intercompany loan agreement between the Parent Guarantor, as borrower, and the Issuer, as lender, pursuant to which the Issuer on-lent all or substantially all of the proceeds from the issuance of the Original Notes to the Parent Guarantor, as amended to match the principal amount, interest rate and maturity date of the Notes.

“Intercompany Loan Assignment” means an assignment agreement with respect to the Intercompany Loan in substantially the form attached hereto as EXHIBIT K.

“Intercompany Loan Assignment SAFE Completion Event” has the meaning assigned to such term in Section 8.02.

“Intercompany Loan Assignment SAFE Non-compliance Event” has the meaning assigned to such term in Section 8.02.

“Intercompany Loan Assignment SAFE Non-compliance Offer” has the meaning assigned to such term in Section 8.02.

“Interest Payment Date” means the semi-annual dates on which payments of interest under the Notes are due, commencing [30 July, 2024], and continuing on each 30 January and 30 July thereafter so long as any Notes are outstanding.

“Interest Rate Hedging Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

“Interest Record Date” has the meaning assigned to such term in the Form of Note attached hereto as EXHIBIT A and EXHIBIT D.

“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 (or options, warrants or other rights to acquire such 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 Section 4.05 and Section 4.17: (1) the Parent Guarantor will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Parent Guarantor’s proportionate interest in the assets (net of the liabilities owed to any Person other than the Parent Guarantor or a Restricted Subsidiary and that are not Guaranteed by the Parent Guarantor or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation; (2) if the Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor sells or otherwise disposes of any Investment in any direct or indirect Restricted Subsidiary of the Parent Guarantor such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Parent Guarantor, the Parent Guarantor will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Parent Guarantor’s Investments in such Restricted Subsidiary that were not sold or disposed of; (3) the acquisition by the Parent Guarantor or any Restricted Subsidiary of the Parent Guarantor of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent Guarantor or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person; and (4) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, a rating of “Aaa,” or “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Parent Guarantor as having been substituted for S&P, Moody’s or Fitch or two or three of them, as the case may be.

“IPOCo” means a Person formed to acquire, directly or indirectly, equity interests of a Listing Event Entity in order to undertake an initial public offering.

“Issuer” means the party named as such in the first paragraph of this Indenture or any successor obligor under this Indenture and the Notes pursuant to this Indenture.

“Issuer Debenture” means a debenture in substantially the form attached hereto as EXHIBIT L.

“Issuer Share Charge” means a charge over shares in the Issuer to be granted by SAN XIN HOLDINGS LIMITED 三鑫控股有限公司 as chargor in substantially the form attached hereto as

EXHIBIT M.

“Issuer Surviving Person” has the meaning assigned to such term in Section 5.01.

“Jointly Controlled Entity” means any corporation, association or other business entity primarily engaged in a Permitted Business, of which at least 20.0% of the voting power of the outstanding Capital Stock is owned, directly or indirectly, by the Parent Guarantor or any Restricted Subsidiary and which is treated as a “jointly controlled entity” in accordance with GAAP, and such Jointly Controlled Entity’s Subsidiaries.

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

“Listing Event” means each of the following:

(1) any transaction or series of transactions that results in the issuance, sale or listing of common equity interests or depository receipts (or equivalent) representing common equity interests of a Listing Event Entity, IPOCo or any direct or indirect parent thereof on any recognized stock exchange or over-the-counter market; and

(2) any acquisition, purchase, merger, amalgamation or other combination of a Listing Event Entity or any direct or indirect parent thereof, by, or with, a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing (a **“SPAC IPO Entity”**) that results in any common equity interests of that Listing Event Entity, its direct or indirect parent or such SPAC IPO Entity (or its successor by merger, amalgamation or other combination) being publicly traded on any recognized stock exchange or over-the-counter market.

“Listing Event Entity” means each of Changshouhua Food Company Limited (長壽花食品股份有限公司) and Shandong Yuhang Special Alloy Equipment Co., Ltd. (山东裕航特种合金装备有限公司).

“Listing Event Group” means a Listing Event Entity together with (i) any holding company which does not carry on business other than directly or indirectly holding Capital Stock in such Listing Event Entity upon or following a Listing Event, and (ii) entities which would be or become a Subsidiary of such Listing Event Entity upon or following a Listing Event.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“NDRC” means the National Development and Reform Commission of the PRC.

“NDRC Completion Event” has the meaning assigned to such term in Section 8.03.

“NDRC Non-compliance Event” has the meaning assigned to such term in Section 8.03.

“NDRC Non-compliance Offer” has the meaning assigned to such term in Section 8.03.

“NDRC Registration Deadline” has the meaning assigned to such term in Section 8.03.

“Net Cash Proceeds” means:

(1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), all of 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 Parent Guarantor and the 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; and

(d) appropriate amounts to be provided by the Parent Guarantor 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 Asset Sale consisting of the issuance or sale of Capital Stock, all of 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;

(3) as used in any context other than (1) or (2) above, the net cash proceeds received by the Issuer, the Parent Guarantor or any Restricted Subsidiary, as applicable, after deducting commissions, fees and expenses properly incurred in connection with such transaction.

“Non-Guarantor Subsidiaries” has the meaning assigned to such term in Section 13.08(iv).

“Note Guarantees” means, collectively, the Parent Guarantee and the Subsidiary Guarantees, if any.

“Notes” has the meaning assigned to such term in the Recitals of this Indenture.

“Offer to Purchase” means an offer to purchase Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor mailing a notice by first class mail, postage

prepaid, to the Trustee and each Holder at its last address appearing in the Register (or in accordance with the rules of the relevant clearing systems, as applicable) stating:

- (1) the provision in this Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 15 days nor later than 30 days from the date such notice is mailed, unless otherwise provided in this Indenture) (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 Issuer or the Parent Guarantor 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 Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Paying 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\$10,000 or any amount in excess thereof which is an integral multiple of US\$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Issuer or the Parent Guarantor for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor 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 Issuer or the Parent Guarantor, as the case may be. The Paying Agent shall promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Issuer signed by an Officer the Trustee shall promptly 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\$10,000 or any amount in excess thereof which is an integral multiple of US\$1,000. The Issuer or the Parent Guarantor will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer or the Parent Guarantor will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer or the Parent Guarantor 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 this Indenture governing any Offer to Purchase, the Issuer or the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Indenture by virtue of such compliance.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor 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 Issuer or the Parent Guarantor 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 Issuer or the Parent Guarantor, as the case may be, or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

“Officers’ Certificate” means a certificate signed by two Officers; *provided, however*, with respect to the Officers’ Certificate required to be delivered by the Issuer or any Subsidiary Guarantor under this Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in the Issuer or such Subsidiary Guarantor at the time such certificate is required to be delivered.

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

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

“Original Notes” means the 7.99% senior notes due 2021 issued by the Issuer pursuant to an indenture dated as of January 23, 2018 (as such may be amended, supplemented or modified from time to time) and guaranteed by the Parent Guarantor.

“outstanding” when used with respect to the Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

- (1) Notes theretofore cancelled by the Registrar or accepted by the Registrar for cancellation;
- (2) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Paying Agent for the Holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;
- (3) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture; and
- (4) reductions in the interest in a Global Note effected by the Registrar in accordance with the provisions of this Indenture.

A Note does not cease to be outstanding because the Issuer or any Group members or its or their Affiliates hold the Note; *provided* that in determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Notes owned by the Issuer or any Group members or its or their Affiliates or beneficially held for the Issuer or any Group members or its or their Affiliates shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying

on any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Trustee knows or has been made aware to be owned by the Issuer or any Group members or its or their Affiliates or beneficially held for the Issuer or any Group members or its or their Affiliates shall be so disregarded. Notes so owned or beneficially held that have been pledged in good faith may be regarded as outstanding if the pledgee establishes its right to act with respect to such Notes and that the pledgee is not the Issuer or any Group members or its or their Affiliates.

“Parent Guarantee” has the meaning assigned to such term in Article 12.

“Parent Guarantee SAFE Completion Event” has the meaning assigned to such term in Section 8.01.

“Parent Guarantee SAFE Non-compliance Event” has the meaning assigned to such term in Section 8.01.

“Parent Guarantee SAFE Non-compliance Offer” has the meaning assigned to such term in Section 8.01.

“Parent Guarantor” means the party named as such in the first paragraph of this Indenture or any successor obligor under this Indenture and the Notes pursuant to this Indenture.

“Parent Guarantor Surviving Person” has the meaning assigned to such term in Section 5.01.

“Pari Passu Guarantee” means a Guarantee by the Issuer, the Parent Guarantor or any Subsidiary Guarantor of Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor, as the case may be; *provided* that (1) the Issuer, the Parent Guarantor and such Subsidiary Guarantor were permitted to Incur such Indebtedness under Section 4.04 and (2) such Guarantee ranks *pari passu* with the Notes, the Parent Guarantee or any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be.

“Participant” means a participant in the depository service of Euroclear and/or Clearstream.

“Paying Agent” means Citibank Europe Plc, the paying agent with respect to the Notes appointed pursuant to a Paying Agent, Transfer Agent and Registrar Appointment Letter substantially in the form of EXHIBIT F.

“Payment Date” has the meaning assigned to such term in Section 4.01(a).

“Perpetual Bond Obligation” means any debt security or other obligation (howsoever described) incurred by the Parent Guarantor or any Restricted Subsidiary under any “perpetual bond,” “perpetual loan,” “perpetual securities” or similar instruments which is treated as equity under GAAP.

“Permitted Businesses” means any business which is the same as or ancillary or complementary to any of the businesses of the Parent Guarantor and the Restricted Subsidiaries on the Original Issue Date.

“Permitted Indebtedness” has the meaning assigned to such term in Section 4.04(b).

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

- (1) Mr. Wang Mingfeng, Mr. Wang Mingxing and Mr. Wang Mingliang;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) of the definition of Affiliate) of

the Person 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 80.0% or more by one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

(1) any Investment in the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Parent Guarantor or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables, trade credits or other current assets owing to the Parent Guarantor 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 and made in compliance with Section 4.12;

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under Section 4.06;

(10) loans or advances to vendors, contractors, suppliers or distributors, including without limitation advance payments for equipment and machinery made to the manufacturer or distributor thereof, of the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;

(11) Investments in existence on the Original Issue Date;

(12) 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 of the Parent Guarantor or any Restricted Subsidiary;

(13) 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;

(14) Investments consisting of purchases and acquisitions of inventory, supplies, materials, tooling and equipment or purchases of contract rights or licenses or leases of intellectual property, in each case in the ordinary course of business;

(15) repurchase or redemption of the Notes and/or, subject to Section 4.23, the Enhanced Return Notes;

(16) other Investments having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding, not to exceed an amount equal to 1.5% of Total Assets; *provided* that, (a) the Parent Guarantor could incur at least US\$1.00 of Indebtedness under the proviso of Section 4.04(a); and (b) no Default has occurred and is continuing or would occur as a result of such Investment;

(17) any Investments in any Person constituting Guarantees permitted under Section 4.04(b); and

(18) any Investment deemed to have been made by the Parent Guarantor or any Restricted Subsidiary in a Listing Event Group in connection with a proposed Listing Event.

“Permitted Liens” means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Parent Guarantor and the Restricted Subsidiaries, taken as a whole;

(5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Parent Guarantor or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Parent Guarantor or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Parent Guarantor or such Restricted Subsidiary); *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;

- (6) Liens in favor of the Parent Guarantor or any Restricted Subsidiary;
- (7) Liens arising from the rendering of a final judgment or order against the Parent Guarantor or any Restricted Subsidiary that do not give rise to an Event of Default;
- (8) Liens securing reimbursement obligations with respect to letters of credit, bankers' acceptance, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (9) Liens existing on the Original Issue Date;
- (10) Liens securing Indebtedness that is Incurred to refinance Secured Indebtedness permitted to be Incurred under Section 4.04(b)(iv), *provided* that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced except that such Liens may extend to or cover other property or assets of the Parent Guarantor or its Restricted Subsidiaries if the loan-to-collateral value ratio at the time of such refinancing would not be lower than the loan-to-collateral value ratio for the Indebtedness being refinanced;
- (11) Liens securing Hedging Obligations permitted to be Incurred under Section 4.04(b)(v), *provided* that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under Section 4.06 to be, secured by a Lien on the same property securing such Hedging Obligation or (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry and incurred in the ordinary course of business;
- (12) Liens securing Attributable Indebtedness that is permitted to be Incurred under this Indenture;
- (13) any interest or title of a lessor under any Capitalized Lease Obligation permitted to be Incurred under this Indenture; *provided, however*, that the Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;
- (14) 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 Parent Guarantor or any Restricted Subsidiary;
- (15) any interest or title of a lessor in the property subject to any operating lease;
- (16) Liens on deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers' compensation claims, welfare and social benefits and other purposes specified by statutes, regulations or rules made in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;
- (17) Liens on deposits securing trade letters of credit (and reimbursement obligations relating thereto) incurred in the ordinary course;
- (18) Liens securing Indebtedness of the type described under Section 4.04(b)(xi); *provided* that such Lien (i) covers only the equipment, property or assets acquired, developed, constructed or improved with such Indebtedness and (ii) is created within 180 days of such acquisition, *provided* further that, in the case of clause (i) such Lien may cover other property or assets (instead of or in addition to such item of equipment, property or asset) if the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Parent Guarantor (which may be internal

consolidated statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (18) does not exceed 100% of the aggregate principal amount of Indebtedness secured by such Liens;

(19) Liens Incurred on deposits made to secure Bank Deposit Secured Indebtedness Incurred pursuant to Section 4.04(b)(xvi);

(20) Liens to secure Entrusted Loans;

(21) Liens granted by the Parent Guarantor or any other Restricted Subsidiary in favor of any Financial Company Investor (including the sale or transfer of such Capital Stock to such Financial Company Investor) in respect of, and to secure, the Indebtedness permitted to be Incurred under Section 4.04(b)(xix); or

(22) Liens securing Indebtedness permitted to be Incurred under Section 4.04(b)(xiv);

(23) Liens on Collateral securing the Notes and/or the Note Guarantee.

“Permitted Subsidiary Indebtedness” means Indebtedness of any Non-Guarantor Subsidiary; provided that, on the date of Incurrence of such Indebtedness, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Non-Guarantor Subsidiary permitted under Section 4.04(b)(iii), Section 4.04(b)(v), Section 4.04(b)(vi) or Section 4.04(b)(xii), regardless whether such Indebtedness is Incurred prior to or after the Original Issue Date) does not exceed an amount equal to 20.0% of Total Assets (or the Dollar Equivalent thereof).

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

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

“PRC CJV” means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on September 3, 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 such laws and regulations may be amended from time to time.

“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 Parent Guarantor or any Restricted Subsidiary.

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

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Privatization” means the privatization of Changshouhua Food Company Limited by SanXing Trade Co., Ltd. by way of a scheme of arrangement under Section 86 of the Companies Law (2020 Revision)

of the Cayman Islands, which was approved by the relevant shareholders on November 19, 2020 at a meeting convened at the direction of the Grand Court of the Cayman Islands.

“Principal Office” means the office of the principal Paying Agent at which the business of the principal Paying Agent is principally administered, which at the date of this Indenture is located at [●], Attn: [●], facsimile number: [●], and shall also include a reference to [●], located at [●], Attn: [●], facsimile number: [●].

“principal” of any Indebtedness means the principal amount of such Indebtedness (or if such Indebtedness was issued with original issue discount, the face amount of such Indebtedness *less* the remaining unamortized portion of the original issue discount of such Indebtedness), together with, unless the context otherwise indicates, any premium then payable on such Indebtedness.

“Private Placement Legend” means the legend set forth in Section 2.04(f) hereof to be placed on all Global Notes and Certificated Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

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

“Rating Agencies” means (1) S&P, (2) Moody’s and (3) Fitch, *provided* that if S&P, Moody’s or Fitch, two of any of the three or all three of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Parent Guarantor, which shall be substituted for S&P, Moody’s, Fitch, two of any of the three or all three of them, as the case may be.

“Rating Category” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; “+” and “-” for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means, in connection with actions contemplated under Section 5.01, that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means, in connection with actions contemplated under Section 5.01, the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three Rating Agencies shall be below

Investment Grade;

(b) in the event the Notes are rated by any two, but not all three, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any of such two Rating Agencies shall be below Investment Grade;

(c) in the event the Notes are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating

Agency shall be below Investment Grade; or

(d) in the event the Notes are rated by three or less than three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“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 Parent Guarantor in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Parent Guarantor in good faith, 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.

“Register” has the meaning assigned to such term in Section 2.05.

“Registrar” has the meaning assigned to such term in Section 2.05.

“Regulation S Global Note” means a Global Note substantially in the form of EXHIBIT D bearing the Global Note Legend and the Private Placement Legend and deposited with the Common Depositary and registered in the name of the Common Depositary or its nominee, that will be issued on the Original Issue Date in an initial amount equal to the principal amount of the Notes issued outside the United States in reliance on Regulation S.

“Relevant Jurisdictions” has the meaning assigned to such term in Section 4.20.

“Relevant Taxing Jurisdiction” has the meaning assigned to such term in Section 4.20.

“Replacement Assets” has the meaning assigned to such term in Section 4.12.

“Restricted Payments” has the meaning assigned to such term in Section 4.05.

“Responsible Officer” means, when used with respect to the Trustee, any managing director, vice president, trust associate, relationship manager, transaction manager, client service manager, any trust officer or any other officer located at the Corporate Trust Office who customarily performs functions similar to those performed by any persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and in each such case, who shall have direct responsibility for the day to day administration of this Indenture.

“Restricted Subsidiary” means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary. For the avoidance of doubt, the Issuer is a Restricted Subsidiary.

“Rule 144A Global Note” means a Global Note substantially in the form of EXHIBIT D bearing the Global Note Legend and the Private Placement Legend and deposited with the Common Depositary and registered in the name of the Common Depositary or its nominee, that will be issued on the Original Issue Date in an initial amount equal to the principal amount of the Notes issued to “qualified institutional buyers” (as defined in Rule 144A) within the United States.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., and its successors.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“SAFE Event” means, individually and collectively, a Intercompany Loan Assignment SAFE Completion Event, a Intercompany Loan Assignment SAFE Non-compliance Event, a Intercompany Loan Assignment SAFE Non-compliance Offer, a Parent Guarantee SAFE Completion Event, a Parent Guarantee SAFE Non-compliance Event and/or a Parent Guarantee SAFE Non-compliance Offer.

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

“Secured Indebtedness” means any Indebtedness of the Parent Guarantor or a Restricted Subsidiary secured by a Lien.

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

“Security Documents” means, collectively, Initial Collateral Security Documents and the Additional Collateral Security Documents.

“Significant Subsidiary” means any Restricted Subsidiary or any group of Restricted Subsidiaries that, taken together, would be a “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 5.0%.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

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

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50.0% 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) which is “controlled” and consolidated (or is required to be 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 GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of Section 4.17.

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

“**Subsidiary Guarantor**” means any Restricted Subsidiary that Guarantees the obligations of the Issuer under this Indenture and the Notes; *provided* that “Subsidiary Guarantor” does not include any Person whose Subsidiary Guarantee has been released in accordance with this Indenture and the Notes.

“**Surviving Person**” means the Issuer Surviving Person or the Parent Guarantor Surviving Person, as the case may be.

“**Tax**” has the meaning assigned to such term in Section 7.06(e).

“**Tax Redemption Date**” has the meaning assigned to such term in Section 3.01.

“**Temporary Cash Investment**” means any of the following:

(1) direct obligations of the United States of America, Hong Kong, the PRC or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, Hong Kong, the PRC or any agency of any of the foregoing, in each case maturing within one year;

(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 that is organized under the laws of the United States of America, any state thereof, Hong Kong or the PRC and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act);

(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 Parent Guarantor) 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 95.0% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) (i) demand or time deposit accounts, certificates of deposit, overnight or call deposits and

money market deposits with any banks or other financial institutions organized under the laws of the PRC or Hong Kong, or (ii) investment products that are principal protected with any bank or financial institution organized under the laws of the PRC or Hong Kong if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months' notice.

“Total Assets” means, as of any date, the total consolidated assets of the Parent Guarantor 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 Parent Guarantor (which the Parent Guarantor 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 Section 4.04(b)(xi)(B) and the definition of “Permitted Subsidiary Indebtedness”, Total Assets shall be calculated after giving *pro forma* effect to include the cumulative value of all the equipment, property or assets the acquisition, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Parent Guarantor or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Transaction Website” means <https://www.dfkingltd.com/sanxing/>.

“Transfer Agent” means Citibank Europe Plc, the transfer agent with respect to the Notes appointed pursuant to a Paying Agent, Transfer Agent and Registrar Appointment Letter substantially in the form of EXHIBIT F.

“Trustee” means the party named as such in the first paragraph of this Indenture or any successor trustee under this Indenture pursuant to Article 7.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Parent Guarantor that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in this Indenture and (2) any Subsidiary of an Unrestricted Subsidiary. [For the avoidance of doubt, each Subsidiary of the Parent Guarantor other than the Issuer is initially 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 Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals or shares owned by a second shareholder, in each case to the extent mandated by applicable law) by the Parent Guarantor or one or more Wholly Owned Subsidiaries of the Parent Guarantor; provided that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless the Parent Guarantor or one or more Wholly Owned Restricted Subsidiaries of the Parent Guarantor are entitled to 95.0% or more of the economic benefits distributable by such Subsidiary.

Section 1.02. *Rules of Construction.* Unless the context otherwise requires or except as otherwise expressly provided,

- (a) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (b) “or” is not exclusive;
- (c) the term “including” is not limiting;
- (d) “herein,” “hereof” and other words of similar import refer to this Indenture as a whole and not to any particular Section, Article or other subdivision;
- (e) “will” shall be interpreted to express a command;
- (f) provisions apply to successive events and transactions;
- (g) unless otherwise provided, references to agreements and other instruments shall be deemed to include all amendments and other modifications to such agreements or instruments, but only to the extent such amendments and other modifications are not prohibited by the terms of this Indenture;
- (h) all references to Sections, Articles or Exhibits refer to Sections, Articles or Exhibits of or to this Indenture unless otherwise indicated; and
- (i) references to agreements or instruments, or to statutes or regulations, are to such agreements or instruments, or statutes or regulations, as amended from time to time (or to successor statutes and regulations).

ARTICLE 2

ISSUE, EXECUTION, FORM AND REGISTRATION OF NOTES

Section 2.01 Authentication and Delivery of Notes, the Parent Guarantee and Subsidiary Guarantees.

Upon the execution and delivery of this Indenture, or from time to time thereafter, Notes may be executed and delivered by the Issuer, with the Parent Guarantee endorsed thereon by the Parent Guarantor and the Subsidiary Guarantees, if any, endorsed thereon by the Subsidiary Guarantors, in an aggregate

principal amount outstanding of not more than US\$[●], to the Registrar for authentication, accompanied by an Officers' Certificate of the Issuer directing such authentication and specifying the amount of Notes (with the Parent Guarantee and the Subsidiary Guarantee (if any) endorsed thereon) to be authenticated, the date on which the original issuance of such Notes (with the Parent Guarantee and the Subsidiary Guarantee (if any) endorsed thereon) is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes, the Parent Guarantee and the Subsidiary Guarantees (if any). The Registrar shall thereupon authenticate and deliver such Notes, with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon, to or upon the written order of the Issuer (as set forth in such Officers' Certificate) signed by an Authorized Officer of the Issuer.

Section 2.02 Execution of Notes and the Note Guarantees.

(a) The Notes shall be executed by or on behalf of the Issuer by the signature of an Authorized Officer of the Issuer. The Parent Guarantor shall execute the Parent Guarantee by the signature of an Authorized Officer of the Parent Guarantor and each of the Subsidiary Guarantors shall execute its Subsidiary Guarantee (if any) by the signature of an Authorized Officer of such Subsidiary Guarantor. Such signatures may be the manual or facsimile signature of the present or any future Authorized Officers. With the delivery of this Indenture, each of the Issuer and the Parent Guarantor is furnishing, and from time to time thereafter, the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) may each furnish, to the Trustee, a certificate substantially in the form of Exhibits E-1 to E-3, as applicable, (each, an **"Authorization Certificate"**) identifying and certifying the incumbency and specimen (or facsimile) signatures of the Authorized Officers. Until the Trustee receives a subsequent Authorization Certificate, the Trustee shall be entitled to conclusively rely on the last Authorization Certificate delivered to them for purposes of determining the Authorized Officers. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by or on behalf of the Registrar.

(b) In case an Authorized Officer who shall have signed any of the Notes, the Parent Guarantee or any of the Subsidiary Guarantees (if any) thereon, as applicable, shall cease to be such Authorized Officer before the Note (with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) shall be authenticated and delivered by or on behalf of the Registrar or disposed of by or on behalf of the Issuer, such Note (with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) nevertheless may be authenticated and delivered or disposed of as though the Persons who signed such Note, the Parent Guarantee and the Subsidiary Guarantees (if any) had not ceased to be such Authorized Officers; and any Note may be signed on behalf of the Issuer, the Parent Guarantee may be signed on behalf of the Parent Guarantor, and a Subsidiary Guarantee (if any) may be signed on behalf of the relevant Subsidiary Guarantor by such Persons as, at the actual date of the execution of such Note, Parent Guarantee and Subsidiary Guarantee (if any), shall be Authorized Officers, although at the date of the execution and delivery of this Indenture any such Persons were not Authorized Officers.

Section 2.03 Certificate of Authentication.

Only such Notes (with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) as shall bear thereon a certification of authentication substantially as set forth in the forms of the Notes and the Parent Guarantee in EXHIBIT A and EXHIBIT D hereto and the form of the Subsidiary Guarantee (if any) in EXHIBIT J hereto, executed by the Registrar by manual or facsimile signature of one of its authorized signatories, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certification by the Registrar upon any Note executed by or on behalf of the Issuer, the Parent Guarantee executed by or on behalf of the Parent Guarantor and the Subsidiary Guarantees (if any) executed by or on behalf of the Subsidiary Guarantors shall be conclusive evidence that the Note (with the Parent

Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

Section 2.04 Form, Denomination and Date of Notes; Payments.

(a) The Notes, the Parent Guarantee and the Subsidiary Guarantees (if any) and the certificates of authentication shall be substantially in the form set forth in Exhibits A, D and J hereof. On the Original Issue Date, the Notes shall be issued in the form provided in Section 2.04(e). The Notes shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the Authorized Officers of the Issuer executing the same may determine with the approval of the Trustee.

(b) The Notes (with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, with the rules of any securities market in which the Notes are admitted to trading, or to conform to general usage.

(c) Each Note (with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) shall be dated the date of its authentication. Each Note shall bear interest at the rate of 4.00% per annum from the date of issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for and shall be payable on the dates specified on the face of the form of Note set forth as Exhibits A and D hereto. Interest on the Notes shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(d) If an Event of Default specified in Section 6.01(a) or Section 6.01(b)) occurs and is continuing under this Indenture, default interest shall accrue on the due and unpaid principal of, and accrued, due and unpaid interest on, the Notes at the rate of 6.0% per annum from the occurrence of such Event of Default, unless such Event of Default has subsequently been cured or discontinued. Defaulted interest shall be payable to the Persons who are Holders on a subsequent special record date. The Issuer will notify the Trustee as soon as practicable in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. If such default in interest continues for 30 days, the Issuer will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee in the name and at the expense of the Issuer) will mail or cause to be mailed to the Holders in accordance with Section 15.03 a notice that states the special record date, the related payment date and the amount of such interest to be paid.

(e) On the Original Issue Date, an Authorized Officer of the Issuer will execute and deliver to the Trustee one global note initially representing the Notes (together with any other global notes issued after the Original Issue Date, the “**Global Notes**”), with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon, in definitive, fully registered form without interest coupons, in a denomination of US\$10,000 or any amount in excess thereof which is an integral multiple of US\$1,000, substantially in the form of EXHIBIT D hereto, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Common Depositary, and registered in the name of the Common Depositary or its nominee, as the case may be, for the accounts of Euroclear and Clearstream, duly executed by the Issuer and authenticated by the Registrar (or its agent) as hereinafter provided. All such Notes (with the Parent Guarantee and the Subsidiary Guarantees (if any) endorsed thereon) so executed and delivered to the Trustee pursuant to this clause (c) shall be in an aggregate principal amount that shall equal the aggregate principal amount of the Notes that are to be issued on the Original Issue Date. The aggregate principal

amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Common Depositary or its nominee.

(f) Notwithstanding anything to the contrary herein, beneficial interests in the Global Notes (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 respective direct and indirect Participants. Each Global Note shall be delivered by or on behalf of the Trustee to, and registered in the name of the nominee of, the Common Depositary.

(g) The following legends will appear on the face of all Global Notes and Certificated Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture:

(i) Each Global Note and each Certificated Note (and all Notes issued in exchange therefor or substitution thereof) shall bear a legend substantially to the following effect (the “**Private Placement Legend**”):

“THIS NOTE AND THE NOTE GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE “**SECURITIES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NONE OF THE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE

501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRANSFER AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT."

(ii) Each Global Note shall bear a legend substantially to the following effect (the "**Global Note Legend**"):

"UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF [Name of Common Depositary], AS COMMON DEPOSITARY ("**COMMON DEPOSITARY**") FOR EUROCLEAR BANK SA/NV ("**EUROCLEAR**") OR CLEARSTREAM BANKING S.A. ("**CLEARSTREAM**") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE."

(iii) Global Notes may be deposited with such other Common Depositary as the Issuer may from time to time designate in writing to the Trustee, and shall bear such legend as may be appropriate.

(h) Notwithstanding anything to the contrary in this Indenture, Certificated Notes shall be transferred to Beneficial Holders in exchange for their beneficial interests in the Global Note only if at any time the Common Depositary notifies the Issuer in writing that it is unwilling or unable to continue as a depositary for the Global Notes, the Issuer shall appoint a successor depositary with respect to such Global Notes. If (1) a successor depositary for such Global Notes is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, or (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, (3) after the occurrence of an Event of Default, the Trustee has received written notification from Beneficial Holders representing, in the aggregate, more than 25% of the aggregate principal amount of outstanding Notes that the continuance of the Book-Entry System is no longer in their best interest, or (4) any of the Notes has become immediately due and payable in accordance with Section 6.01 and Section 6.02 and the Issuer has received a written request from a Holder, the Issuer will execute, and the Registrar, upon receipt by the Trustee and the Registrar of an Officers' Certificate of the Issuer directing the authentication and delivery thereof, will authenticate and deliver, Certificated Notes in any authorized denominations in an aggregate principal amount equal to the principal amount of such Global Notes in exchange for such Global Notes.

(i) In connection with the exchange of a beneficial interests in the Global Note into Certificated Notes pursuant to Section 2.04(h), an endorsement shall be made on such Global Note by the Trustee to reflect such exchange, and the Issuer shall execute, and the Registrar shall authenticate and deliver to each Beneficial Holder in exchange for its beneficial interest in such Global Note an equal aggregate principal amount of Certificated Notes of authorized denominations. Each of the Issuer, the Parent Guarantor and each Subsidiary Guarantor irrevocably (i) appoints and designates the Trustee as its agent and attorney-in-fact for the limited purposes of executing, and authorizing the issuance of, such Certificated Notes on its behalf, and (ii) agrees to abstain from contesting, challenging, or otherwise taking any action adverse to the issuance of such Certificated Notes or their validity. In the event that the Issuer fails to execute a Certificated Note within three (3) Business Days of a written request by the Trustee, the Trustee shall execute such Certificated Notes and deliver the same to the relevant Beneficial Holder.

(j) The registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interest through Participants, to take any action which a Holder is entitled to take under this Indenture or such Notes.

(k) Global Notes shall in all respects be entitled to the same benefits under this Indenture as Certificated Notes authenticated and delivered hereunder.

(l) Upon receipt of such notice in writing referred to in Section 2.04(h) from the Common Depositary, Euroclear, Clearstream or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the Common Depositary for the exchange of interests in the Global Notes for Certificated Notes and cause the requested Certificated Notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in the Global Notes for Certificated Notes will be required to provide to the Registrar, through the relevant clearing system, written instructions and other information required by the Issuer and the Registrar to complete, execute and deliver such Certificated Notes. Certificated Notes delivered in exchange for the Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

(m) The Person in whose name any Note is registered at the close of business on any Interest Record Date with respect to any Interest Payment Date shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Note subsequent to the Interest Record Date and prior to such Interest Payment Date.

Section 2.05 Registration, Transfer and Exchange.

(a) The Notes are issuable only in registered form. The Issuer will keep at the office to be maintained for the purpose as provided in Section 4.02 (the “**Registrar**”), a register (the “**Register**”) in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, the Notes as provided in this Article. The name and address of the Holder of each Note and the amount of each Note, and all transfers and exchanges related thereto, will be recorded in the Register. Such Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. Such Register shall be open for inspection by or on behalf of the Trustee during normal business hours upon prior written request.

(b) Upon due presentation for registration of transfer of any Note, the Issuer shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes in authorized denominations for a like aggregate principal amount.

(c) A Holder may register the transfer of a Note only by notice to the Registrar substantially in the form of EXHIBIT B hereof and otherwise complying with the terms of this Indenture. No such registration of transfer shall be effected until, and such transferee shall succeed to the rights of a Holder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Holder as provided herein, the Issuer, the Trustee and any agent of any of them shall treat the Person in whose name the Note is registered as the owner thereof for all purposes whether or not the Note shall be overdue, and neither the Issuer, the Trustee, nor any such agent shall be affected by notice to the contrary. Furthermore, any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through the Book-Entry System and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry. At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, by written notice to the Registrar substantially in the form of EXHIBIT C hereof and upon surrender of the Notes to be exchanged to the Registrar. When Notes are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Notes of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if the requirements for such transactions set forth herein are met. To permit registrations of transfers and exchanges, the Issuer, the Parent Guarantor and each Subsidiary Guarantor (if any) shall execute and the Registrar shall authenticate Notes at the Issuer’s request.

(d) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the Holder thereof or his attorney duly authorized in writing in a form satisfactory to the Issuer and the Registrar.

(e) The Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes (other than any such transfer taxes or other similar governmental charge payable upon exchanges). No service charge to any Holder shall be made for any such transaction.

(f) The Issuer shall not be required to exchange or register a transfer of (1) any Notes for a period of 15 days immediately preceding the first mailing of notice of redemption of Notes to be redeemed or (2)

any Notes called or being called for redemption.

(g) So long as the Global Notes remain outstanding and are held by or on behalf of the Common Depositary, the provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “General Terms and Conditions of Clearstream Banking” and “Customer Handbook” of Clearstream will be applicable to transfers of beneficial interests in the Global Notes that are held by Participants through Euroclear or Clearstream.

(h) Subject to Section 2.04(h), the Global Notes are not exchangeable for a Certificated Note or Certificated Notes.

(i) Notwithstanding any other provisions hereof, unless and until the Global Notes are exchanged for Certificated Notes, the Global Notes may be transferred, in whole, but not in part, only by the Common Depositary to its nominee or by a nominee of the Common Depositary to another nominee of the Common Depositary or by the Common Depositary or its nominee to a successor Common Depositary or a nominee of any such successor Common Depositary.

(j) All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(k) Claims against the Issuer, the Parent Guarantor or any Subsidiary Guarantor for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in this Indenture within a period of six years.

Section 2.06 Book-Entry Provisions for Global Notes.

(a) Each Global Note authenticated under this Indenture shall be registered in the name of the Common Depositary designated for such Global Note or a nominee thereof, and each such Global Note shall constitute a single Note for all purposes of this Indenture. Book-entry interests in the Global Note 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.

(b) Except as provided in Section 2.04(h), 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.

(c) So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under this Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. Notwithstanding that 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 this Indenture, nothing in this Indenture shall prevent the Issuer, the Trustee, the Agents or any agent of any of them, from giving effect to any written certification, proxy or other authorization furnished by a Holder, including the nominee of the Common Depositary for Euroclear and Clearstream, or impair, as

between a Holder and any of Euroclear and Clearstream, any Participant and/or Beneficial Holder in any Global Note, the operation of customary practices governing the exercise of the rights of a Holder of any Global Note.

(d) Without limiting the generality of the foregoing, a Holder, including the nominee of the Common Depositary for Euroclear and Clearstream, may make, give or take, by a written certificate, proxy or proxies or other authorization, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and any such Holder and each of Euroclear and Clearstream may grant certificates, proxies or other authorizations to any of Euroclear and Clearstream, any Participant and/or Beneficial Holder in any Global Note, through such Person's standing instructions, customary practices to take any action which such Person is entitled to take under this Indenture or the Notes.

(e) None of the Issuer, the Parent Guarantor, the Subsidiary Guarantors, the Trustee or any of their respective 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.

Section 2.07 [Reserved].

Section 2.08 Mutilated, Defaced, Destroyed, Stolen and Lost Notes.

(a) The Issuer shall execute and deliver to the Trustee Certificated Notes in such amounts and at such times as to enable the Trustee to fulfill its responsibilities under this Indenture and the Notes.

(b) In case any Note shall become mutilated, defaced or be apparently destroyed, lost or stolen, upon the request of the Holder thereof, the Issuer in its discretion may execute, and, upon the written request of Authorized Officers of the Issuer, the Registrar shall authenticate and deliver, a new Note (with the Parent Guarantee and the Subsidiary Guarantee (if any) endorsed thereon), bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and substitution for the Note so apparently destroyed, lost or stolen. In every case the applicant for a substitute Note shall furnish to the Issuer, the Parent Guarantor, the Subsidiary Guarantors (if any), the Trustee, and any agent of the Issuer, the Parent Guarantor, the Subsidiary Guarantors (if any) or the Trustee such security and/or indemnity and/or pre-fund as may be required by each of them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the apparent destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substitute Note, such Holder, if so requested by the Issuer, the Parent Guarantor, the Subsidiary Guarantors (if any), the Trustee, or any agent thereof, will pay a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent(s)) connected with the preparation and issuance of the substitute Note. The Registrar is hereby authorized, in accordance with and subject to the foregoing conditions in this clause (b), to authenticate and deliver, or cause the authentication and delivery of, from time to time, Notes (with the Parent Guarantee and the Subsidiary Guarantee (if any) endorsed thereon) in exchange for or in lieu of Notes (with the Parent Guarantee and the Subsidiary Guarantee (if any) endorsed thereon), respectively, which become mutilated, defaced, destroyed, stolen or lost. Each Note delivered in exchange for or in lieu of any Note shall carry all the rights to principal, premium (if any), interest (including rights to accrued and unpaid interest and Additional Amounts) which were carried by such Note.

(c) Mutilated or defaced Certificated Notes must be surrendered before replacements will be issued. In the event any such mutilated, defaced, destroyed, lost or stolen certificate has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new certificate, pay such

Notes.

Section 2.09 [Reserved].

Section 2.10 Cancellation of Notes; Disposition Thereof.

All Notes surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Issuer or any agent of the Issuer or the Trustee, shall be delivered to the Registrar for cancellation or, if surrendered to the Registrar, shall be canceled by it; and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Registrar shall dispose of canceled Notes held by it in accordance with its customary procedures, and (upon request of the Issuer) deliver a certificate of disposition to the Issuer. If the Issuer shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Registrar for cancellation.

Section 2.11 ISIN and Common Code Numbers.

The Issuer in issuing the Notes may use ISIN and Common Code numbers (if then generally in use), and, if so, the Trustee, the Paying Agent and the Transfer Agent shall use for the Notes ISIN and Common Code numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee, the Paying Agent and the Transfer Agent of any change in the ISIN and Common Code numbers.

ARTICLE 3 REDEMPTION

Section 3.01 Redemption for Taxation Reasons.

(a) The Notes may be redeemed, at the option of the Issuer or an Issuer Surviving Person, in whole but not in part,, at a redemption price equal to 100.0% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but excluding) the date fixed by the Issuer or the Issuer Surviving Person, as the case may be, for redemption (the “**Tax Redemption Date**”) if, as a result of:

(i) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction, excluding any applicable treaty with the Relevant Taxing Jurisdiction, affecting taxation; or

(ii) 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 Issuer, the Parent Guarantor or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor or a Surviving Person, with respect to any payment due or to become due under the Notes, the Note Guarantees or this Indenture, the Issuer, the Parent Guarantor, a Surviving Person or a 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 Issuer, the Parent Guarantor, a Surviving Person or such 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 Issuer, the Parent Guarantor, a Surviving Person or a 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.

(b) Notwithstanding anything to the contrary herein, the Issuer or an Issuer Surviving Person may not redeem the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax at a rate of (i) 10.0% or less if the withholding is imposed in respect of PRC income taxes, or (ii) 16.72% or less if the withholding is imposed in respect of both PRC income tax and value added tax (and any applicable surcharges related to the value added tax).

(c) Prior to the giving of any notice of redemption of the Notes pursuant to this Section 3.01, the Issuer, the Parent Guarantor, a Surviving Person or a Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least two Business Days (unless the Trustee agrees to a shorter period) before notice of redemption is required to be delivered to Holders pursuant to Section 3.05(b):

(i) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in Section 3.01(a) has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, the Parent Guarantor, a Surviving Person or a Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and

(ii) 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, stating that the requirement to pay such Additional Amounts results from such change or amendment or stating of an official position referred to in Section 3.01(a).

The Trustee shall be entitled to accept and conclusively rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above and will not be responsible for any loss occasioned by acting in reliance on such certificate or opinion. The Trustee has no duty to investigate or verify such certificate or opinion.

Section 3.02 Optional Redemption.

(a) The Issuer may at its option redeem the Notes, in whole or in part, at any time prior to the maturity date of the Notes, at a redemption price equal to 100.0% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but excluding) the applicable redemption date.

(b) 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.

(c) Any redemption described under this Section 3.02 may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition and, if applicable, shall state that, in the Issuer's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (provided that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was mailed), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

(d) If the Issuer elects to redeem the Notes pursuant to the optional redemption provisions of this Section 3.02, it must furnish to the Trustee, at least two Business Days (unless the Trustee agrees to a shorter period) before notice of redemption is required to be delivered to Holders pursuant to Section 3.05(b), an Officers' Certificate setting forth:

- (i) the clause of this Indenture pursuant to which the redemption shall occur;
- (ii) the redemption date, which shall be a Business Day;
- (iii) the principal amount of Notes to be redeemed; and
- (iv) the redemption price.

Section 3.03 Mandatory Redemption

On each Amortization Date, the Issuer shall redeem 1% of the principal amount of the Notes outstanding on the Original Issue Date, at a redemption price equal to 100% of the principal amount of the Notes so redeemed plus accrued and unpaid interest, if any, to (but excluding) the date of redemption.

Section 3.04 Mandatory Redemption upon a Listing Event.

(a) No later than 90 calendar days following a Listing Event (the “**Listing Event Redemption Date**”), the Issuer shall redeem not less than 15 per cent. in aggregate principal amount of the Notes then outstanding at a redemption price equal to 100% of the principal amount of the Notes so redeemed plus accrued and unpaid interest up to (but excluding) the date of redemption.

(b) In the event that the Issuer becomes obligated to redeem the Notes pursuant to Section 3.04(a) above, the Issuer shall furnish to the Trustee, at least two Business Days (unless the Trustee agrees to a shorter period) before notice of redemption is required to be delivered to Holders pursuant to Section 3.05(b), an Officer's Certificate stating that (i) a Listing Event referred to in Section 3.04(a) has occurred, pursuant to which the redemption shall occur, (ii) the Listing Event Redemption Date, (iii) the principal amount of the Notes to be redeemed, and (iv) the redemption price.

Section 3.05 Method and Effect of Redemption.

(a) Any redemption pursuant to this Article 3 (*Redemption*) shall be made pursuant to the provisions of this Section.

(b) If any Notes are to be redeemed pursuant to this Article 3 (*Redemption*), the Issuer shall deliver electronically, mail or cause to be mailed by first-class mail, postage prepaid, notices of redemption (which notices shall be irrevocable) at least 30 days but not more than 60 days before the relevant redemption date to the Trustee and each Holder of Notes at such Holder's registered address or otherwise in accordance with Applicable Procedures.

(c) The notice of redemption will identify the Notes to be redeemed and will include or state the following:

- (i) the redemption date, which shall be a Business Day;
- (ii) the redemption price, including the portion thereof representing any accrued interest;
- (iii) the name and address of the Paying Agent;

(iv) (if the Notes are in certificated form) the place or places where Notes are to be surrendered for redemption;

(v) (if the Notes are in certificated form) Notes called for redemption must be so surrendered in order to collect the redemption price;

(vi) on the redemption date the redemption price will become due and payable on Notes called for redemption, and, unless the Issuer defaults in making such redemption payment, interest on Notes called for redemption will cease to accrue on and after the redemption date;

(vii) the paragraph or subparagraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(viii) if any Note contains a ISIN or Common Code number, no representation is being made as to the correctness of the ISIN or Common Code number either as printed on the Notes or as contained in the notice of redemption and that the Holder should rely only on the other identification numbers printed on the Notes.

(d) At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's name and at its expense; provided that the Issuer shall have delivered to the Trustee, at least two Business Days before such notice of redemption is required to be delivered, mailed or caused to be mailed to Holders pursuant to the terms of this Indenture (unless a shorter notice shall be agreed to by the Trustee), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

(e) The Issuer may redeem Notes pursuant to one or more of the Sections of this Indenture, and a single redemption notice may be delivered with respect to redemptions made pursuant to different Sections of this Indenture. Any such notice may provide that redemptions made pursuant to different Sections of this Indenture will have different redemption dates.

(f) If less than all of the Notes are to be redeemed pursuant any redemption under this Article 3 (*Redemption*), the Notes for redemption will be selected for redemption as follows:

(i) if the Notes are listed on an exchange, on a pro rata basis subject to compliance with the requirements of such exchange; or

(ii) if the Notes are not listed on any exchange, on a pro rata basis (or in the case of Notes issued in global form, in accordance with the Common Depositary's prescribed method),

and in any case in accordance with the Applicable Procedures to the extent applicable.

(g) The Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person. If any Notes are listed on an exchange, and the rules of the exchange so require, the Issuer will notify the exchange of any such redemption and the principal amount of any Notes outstanding following any partial redemption of such Notes. Such Notes will remain outstanding until redeemed, notwithstanding that they have been called for redemption or are subject to a notice of redemption.

(h) Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and upon surrender of the Notes called for redemption, the Issuer shall redeem such Notes at the redemption price. If the Paying Agent (other than the

Issuer, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date, money sufficient to pay Notes payable on that date, then on and after that date, interest shall cease to accrue on Notes or portions of them called for redemption.

(i) Upon surrender of a Certificated Note that is redeemed, the Issuer shall issue and the Trustee shall authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed portion of the Note surrendered representing the same indebtedness to the extent not redeemed.

(j) Any Notes that are redeemed pursuant to this Article 3 (*Redemption*) shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

ARTICLE 4 COVENANTS

Section 4.01 Payment of Notes.

(a) The Issuer shall pay the principal of, any premium on (if any) and interest, and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and this Indenture. Not later than 10:00 a.m. (London time) one Business Day prior to the Interest Payment Date, the due date of any principal on any Notes, the Tax Redemption Date pursuant to Section 3.01 the redemption date pursuant to Section 3.02, the Amortization Date pursuant to Section 3.03 or the Listing Event Redemption Date pursuant to Section 3.04 (each, a “**Payment Date**”), the Issuer shall pay or cause to be paid to the account of the Paying Agent at the Principal Office, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in immediately available funds, an amount which shall be sufficient to pay the aggregate amount of interest, principal or premium or all of such amounts, as the case may be, becoming due in respect of the Notes on such Payment Date; *provided* that if the Issuer or any Affiliate of the Issuer is acting as Paying Agent, it shall, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in this Indenture. In each case the Issuer shall promptly notify the Trustee and the Paying Agent of its compliance with this Section 4.01(a). The Issuer shall procure that, before 10:00 a.m. (London time) on the second Business Day before each Payment Date, the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the Paying Agent the payment instructions relating to such payment. The Paying Agent shall not be bound to make any payment until it has received the full amount due to be paid to it pursuant to this Section 4.01 in immediately available and cleared funds.

(b) An installment of principal, premium (if any) or interest will be considered paid on the date due if the Paying Agent, other than the Issuer or any Affiliate of the Issuer, holds on that date money designated for and sufficient to pay such installment. If the Issuer or any Affiliate of the Issuer acts as Paying Agent, an installment of principal, premium (if any) or interest will be considered paid on the due date only if paid to the Holders.

(c) The Paying Agent, which will include the Issuer or any Affiliate of the Issuer if it is acting as Paying Agent, will make payments in respect of the Notes represented by the Global Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Global Notes. With respect to Certificated Notes, the Paying Agent will make all payments by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check

to each Holder's registered address; *provided* that if the Issuer or any Affiliate of the Issuer is acting as Paying Agent, it shall make such payment to the Holders as specified above.

(d) At least five Business Days prior to the first Payment Date and, if there has been any change with respect to the matters set forth in the below-mentioned certificate, at least five Business Days prior to each Payment Date thereafter, the Issuer shall furnish the Paying Agent with an Officers' Certificate instructing the Paying Agent as to any circumstances in which payments of principal of, or interest or premium (if any) on, the Notes due on such date shall be subject to deduction or withholding for, or on account of, any Taxes described in Section 4.20 and the rate of any such deduction or withholding. If any such deduction or withholding shall be required and if the Issuer therefore becomes liable to pay Additional Amounts, if any, pursuant to Section 4.20 then at least five Business Days prior to each Payment Date, the Issuer shall furnish the Paying Agent with a certificate which specifies the amount required to be withheld on such payment to Holders, and the Additional Amounts, if any, due to the Holders, and at least one Business Day prior to such Payment Date, will pay to the Paying Agent such Additional Amounts, if any, as shall be required to be paid to such Holders.

(e) Whenever the Issuer appoints a Paying Agent other than the Trustee for the purpose of paying amounts due in respect of the Notes, it will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Issuer, among other things, to be bound by and observe the provisions of this Indenture (including the Notes). The Issuer shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee,

(i) that it will hold in trust for the benefit of the Holders or of the Trustee all sums received by it as such Paying Agent for the payment of the principal of, or premium or interest on, the Notes (whether such sums have been paid to it by or on behalf of the Issuer or by any other obligor on the Notes, or the Note Guarantees);

(ii) that it will give the Trustee written notice of any failure by the Issuer (or by the Parent Guarantor or the Subsidiary Guarantors (if any)) to make any payment of the principal, or premium or interest on, the Notes and any other payments to be made by or on behalf of the Issuer or the Parent Guarantor under this Indenture, when the same shall be due and payable; and

(iii) that it will pay any such sums so held by it to the Trustee upon the Trustee's written request at any time during the continuance of a failure referred to in clause (ii) above.

Anything in this Section 4.01 to the contrary notwithstanding, the Issuer may at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held by the Issuer or any Paying Agent hereunder, as required by this Section 4.01 and such sums shall be held by the Trustee upon the trusts herein contained. If the Paying Agent shall pay all sums held to the Trustee as required under this Section 4.01, the Paying Agent shall have no further liability for the money so paid over to the Trustee.

Section 4.02 Maintenance of Office or Agency.

(a) The Issuer shall maintain an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer hereby initially designates the Principal Office as such office of the Issuer. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations,

surrenders, notices and demands may be made or served to the Trustee.

(b) The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented for any of such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in each place where principal of, and interest or premium on, any Notes are payable. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Issuer has initially appointed the Paying Agent, Transfer Agent and Registrar listed in EXHIBIT I.

(d) So long as any of the Notes remain outstanding, the Issuer, and the Parent Guarantor and the Subsidiary Guarantors (if any) shall maintain in each place where principal of, and interest or premium on, any Notes is payable an office or agency where notices and demands to or upon the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) in respect of the Notes, the Note Guarantees or this Indenture may be served. Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby initially designates the Principal Office, as the office or agency for each such purpose. In case any of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Trustee's office.

Section 4.03 Government Approvals and Licenses; Compliance with Law.

(a) The Parent Guarantor shall, and shall procure that each of the Issuer and the other Restricted Subsidiaries, (i) 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; (ii) preserve and maintain good and valid title to its properties and assets (including land-use rights); and (iii) 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 with would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, or (B) the ability of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to perform their respective obligations under the Notes, the Note Guarantees or this Indenture.

(b) Each of the Issuer and the Parent Guarantor shall, and shall procure that each their Subsidiaries shall, to the extent required by local law or is customary practice in the relevant jurisdiction:

(i) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to create and perfect, in favor of the Collateral Agent, a legal, valid, binding, enforceable and effective first-priority Lien on all of the Collateral purported to be covered the Security Documents; and

(ii) make all filings and obtain and maintain in full force and effect all governmental and regulatory approvals required by the applicable law in connection with the transactions contemplated under the Notes, this Indenture, the Guarantees and the Security Documents, including, without limitation, all registrations with, and approvals from, the SAFE and the NDRC in connection with the transactions contemplated hereunder, including registrations and/or approvals (A) for conversion of RMB funds into U.S. dollar funds and transfer of U.S. dollar funds from the Parent Guarantor to the Issuer, the Trustee or the Collateral Agent pursuant to or in connection with the Notes, this

Indenture, the Guarantees and/or the Security Documents and (B) of foreign debt with the NDRC in respect of the issuance of the Notes.

Section 4.04 Limitation on Indebtedness.

(a) The Parent Guarantor shall not, and shall not permit any Restricted Subsidiary to, Incur any Indebtedness; *provided that*, the Issuer, the Parent Guarantor and any Subsidiary Guarantor may Incur Indebtedness and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary 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 3.0 to 1.0.

(b) Notwithstanding the foregoing, the Parent Guarantor and any Restricted Subsidiary may Incur, to the extent provided below, each and all of the following (“**Permitted Indebtedness**”):

(i) Indebtedness under the Notes, the Parent Guarantee and each Subsidiary Guarantee;

(ii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary outstanding on the Original Issue Date;

(iii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary owed to the Parent Guarantor or any Restricted Subsidiary; *provided that*, (1) any event which results in (x) any Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or (y) any subsequent transfer of such Indebtedness (other than to the Parent Guarantor or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (iii) and (2) if the Issuer is the obligor on such Indebtedness (and none of the Parent Guarantor and the Subsidiary Guarantors is the obligee), such Indebtedness must expressly be subordinated in right of payment to the Notes, if the Parent Guarantor is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Parent Guarantee, and if any Subsidiary Guarantor is the obligor on such Indebtedness (and none of the Issuer, the Parent Guarantor or any other Subsidiary Guarantor is the obligee), such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

(iv) Indebtedness (“**Permitted Refinancing Indebtedness**”) of the Parent Guarantor or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the proviso in Section 4.04(a) or Section 4.04(b)(i), (ii), (iv), (vi), (xi), (xiv), (xv), (xvi), (xvii) or (xix) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided that* (1) 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, the Parent Guarantee or any Subsidiary Guarantee shall only be permitted under this clause (iv) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, the Parent Guarantee or any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, the Parent Guarantee or such 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, the Parent Guarantee

or any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes, the Parent Guarantee or such Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, the Parent Guarantee or such Subsidiary Guarantee, as the case may be, (2) 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, and (3) in no event may Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor;

(v) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Parent Guarantor or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;

(vi) any Pari Passu Guarantee;

(vii) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently, except in the case of daylight overdrafts, drawn against insufficient funds in the ordinary course of business; *provided*, that, this Indebtedness is extinguished within five Business Days;

(viii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, or in connection with self-insurance or similar requirements, in each case in the ordinary course of business;

(ix) Indebtedness arising from agreements of the Parent Guarantor or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earnout or other similar obligations, in each case Incurred or assumed in connection with the disposition of any business, assets of the Parent Guarantor or of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of any of the Parent Guarantor's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; *provided*, that, the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Parent Guarantor and/or the relevant Restricted Subsidiary in connection with the disposition;

(x) obligations with respect to trade letters of credit, performance and surety bonds and completion guarantees provided by the Parent Guarantor or any of its Restricted Subsidiaries securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds or guarantees are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed no later than 30 days following receipt of a demand for reimbursement following payment on the letter of credit, bond or guarantee;

(xi) Indebtedness of the Parent Guarantor or any Restricted Subsidiary incurred in the ordinary course of business: (1) representing Capitalized Lease Obligations; or (2) constituting purchase money Indebtedness incurred to finance all or any part of the purchase price of equipment, property (including the lease purchase price of land use rights) or assets of the Parent Guarantor or any Restricted Subsidiary (including the purchase of Capital Stock of any Person holding such equipment, property or assets that is, or will upon such purchase become, a Restricted Subsidiary) or the cost of development, construction or improvement of equipment, property (including the lease

purchase price of land use rights) or assets to be used in the ordinary course of a Permitted Business by the Parent Guarantor or a Restricted Subsidiary; *provided* that, (A) such purchase money Indebtedness shall not exceed the purchase price of such equipment, property or assets so acquired, (B) such purchase money Indebtedness shall be Incurred no later than 180 days after the acquisition or completion of development, construction or improvement of such equipment, property or assets and (C) on the date of the Incurrence of any Indebtedness permitted by this clause, and after giving effect thereto, the sum of (x) aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (k) (together with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clause, to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) plus (y) the aggregate principal amount outstanding of all Indebtedness Incurred under Section 4.04(b)(xiv), (xvi), (xvii), (xix) and (xx)(together, in each case, with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 17.5% of Total Assets;

(xii) Guarantees by any Non-Guarantor Subsidiary of Indebtedness of any other Non-Guarantor Subsidiary; *provided* that, the Indebtedness guaranteed is permitted to be Incurred under this Indenture;

(xiii) Guarantees by the Parent Guarantor and any Subsidiary Guarantor of any Indebtedness of the Parent Guarantor or any Restricted Subsidiary; *provided* that, the Indebtedness guaranteed is permitted to be Incurred under this Indenture;

(xiv) Indebtedness of the Parent Guarantor or any Restricted Subsidiary with a maturity of one year or less for working capital; *provided* that, on the date of the Incurrence of any Indebtedness and after giving effect thereto and the application of the proceeds therefrom, the sum of (i) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this Section 4.04(b)(xiv) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under Section 4.04(b)(xi), (xvi), (xvii), (xix) and (xx)(together, in each case, with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 17.5% of Total Assets;

(xv) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed US\$15.0 million (or the Dollar Equivalent thereof);

(xvi) Bank Deposit Secured Indebtedness Incurred by the Parent Guarantor or any of its Restricted Subsidiaries; *provided* that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this Section 4.04(b)(xvi) (together with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clause to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under Section 4.04(b)(xi), (xiv), (xvii) (xix) and (xx)(together, in each case, with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 17.5% of Total Assets;

(xvii) Indebtedness of the Parent Guarantor or any Restricted Subsidiary to finance an

Investment in the Capital Stock of a Restricted Subsidiary held by a minority shareholder which Investment increases the proportion of the Capital Stock of such Restricted Subsidiary held, directly or indirectly, by the Parent Guarantor, provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto and the application of the proceeds therefrom, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this Section 4.04(b)(xvii) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under Section 4.04(b)(xi), (xiv), (xvi), (xix) and (xx)(together, in each case, with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 17.5% of Total Assets;

(xviii) [Reserved];

(xix) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a Restricted Subsidiary; provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this Section 4.04(b)(xix)(together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under Section 4.04(b)(xi), (xiv), (xvi), (xvii) and (xx) (together, in each case, with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 17.5% of Total Assets; and

(xx) Indebtedness of any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Indebtedness under this clause) of the Parent Guarantor, provided that, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this Section 4.04(b)(xx)(together with any refinancings thereof, but excluding any Guarantee Incurred under such clause to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under Section 4.04(b)(xi), (xiv), (xvi), (xvii) and (xix)(together, in each case, with any refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 17.5% of Total Assets.

(c) For purposes of determining compliance with this Section 4.04, in the event that an item of Indebtedness meets the criteria of more than one of the types of Permitted Indebtedness, or of Indebtedness described in the proviso in Section 4.04(a) and one or more types of Permitted Indebtedness, the Parent Guarantor, in its sole discretion, shall classify or divide, and from time to time may reclassify or divide, such item of Indebtedness in one or more types of Indebtedness described above.

(d) Notwithstanding any other provision of this Section 4.04, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, *provided* that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Section 4.05 Limitation on Restricted Payments.

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (i) through (iv) below being collectively referred to as “**Restricted Payments**”):

(i) declare or pay any dividend or make any distribution on or with respect to the Parent Guarantor’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Parent Guarantor’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 Parent Guarantor or any Restricted Subsidiary;

(ii) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Parent Guarantor or any direct or indirect parent of the Parent Guarantor or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Parent Guarantor or any Restricted Subsidiary;

(iii) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Parent Guarantor and any Restricted Subsidiary), unless such payment, prepayment or repayment is made solely for the purposes of funding any payment, prepayment and/or redemption of the Notes permitted under this Indenture and the relevant funds are so applied by the Issuer within five Business Days after receiving the money for such payment, prepayment, repayment or redemption; or

(iv) make any Investment, other than a Permitted Investment.

(b) The provisions of Section 4.05(a) shall not be violated by reason of:

(i) *[Reserved]*

(ii) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(iii) the redemption, repurchase or other acquisition of Capital Stock of the Parent Guarantor or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer, the Parent Guarantor or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock);

(iv) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Parent Guarantor or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock);

(v) the payment of any dividends or distributions declared, paid or made by a Restricted

Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Parent Guarantor, to all holders of any class of Capital Stock of such Restricted Subsidiary, at least a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Parent Guarantor;

(vi) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Parent Guarantor; *provided* that any such cash payment shall not be for the purpose of evading the provisions of this Section 4.05 (as determined in good faith by the Board of Directors of the Parent Guarantor);

(vii) an Investment in the Capital Stock of a Restricted Subsidiary held by a minority shareholder which Investment increases the proportion of the Capital Stock of such Restricted Subsidiary held, directly or indirectly, by the Parent Guarantor;

(viii) [purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) in connection with the Privatization;]

(ix) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Financial Company Investor in respect of any Indebtedness permitted to be Incurred or issued under Section 4.04(b)(ii) or Section 4.04(b)(xix); or

(x) Restricted Payments in an aggregate amount (calculated by reference to the amount of each such Restricted Payment at the time it is made and to the extent such Restricted Payment remains outstanding) not exceeding US\$10 million (or the Dollar Equivalent thereof).

provided that, in the case of Section 4.05(b)(ii), (b)(iii) and (b)(iv), no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

(c) [Reserved]

(d) 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 Parent Guarantor 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 Section 4.05 will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or an 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).

(e) [Reserved]

(f) Not later than the date of making any Restricted Payment (other than those made pursuant to Section 4.05(b)(v) through (x) in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted, together with a copy of any fairness opinion or appraisal required by this Indenture.

Section 4.06 Limitation on Liens.

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, 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 (or, in respect of any Lien on any Subsidiary Guarantor's property or assets, any Subsidiary Guarantee of such Restricted Subsidiary is) secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

(b) In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under Section 4.06(a)) with regards to Indebtedness proposed to be or previously Incurred by the Parent Guarantor, the Issuer or any Subsidiary Guarantor in compliance with the terms of this Indenture, the Parent Guarantor may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) facilitate the completion by other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Section 4.07 Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) Except as provided below, the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Parent Guarantor or any other Restricted Subsidiary;

(ii) pay any Indebtedness or other obligation owed to the Parent Guarantor or any other Restricted Subsidiary;

(iii) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or

(iv) sell, lease or transfer any of its property or assets to the Parent Guarantor 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: (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (B) the subordination of loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary; and (C) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Parent Guarantor 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.

(b) The provisions of Section 4.07(a) do not apply to any encumbrances or restrictions:

(i) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Note Guarantees, this Indenture, the Security Documents, or under any Pari Passu Guarantee, or any Indebtedness Guaranteed by any such Pari Passu Guarantee, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided that*, the encumbrances and

restrictions in any such extension, refinancing, renewal or replacement are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(ii) existing under or by reason of applicable law, rule, regulation or order;

(iii) with respect to any Person or the property or assets of such Person acquired by the Parent Guarantor or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that, the encumbrances and restrictions in any such extension, refinancing, renewal or replacement are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(iv) that otherwise would be prohibited by the provision described in Section 4.07(a)(iv) if they arise, or are agreed to, in the ordinary course of business and (A) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (B) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by this Indenture or (C) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or any Restricted Subsidiary;

(v) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by Section 4.08 and Section 4.12;

(vi) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness pursuant to Section 4.04(a), Section 4.04(b)(iv), (xi), (xii), (xiii), (xiv), Section 4.04(b)(xv), (xvi), (xvii), (xix) or Section 4.04(b)(xx) if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to make required payment on the Notes, the Parent Guarantee or its Subsidiary Guarantee, as the case may be, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(vii) existing in customary provisions in joint venture agreements and other similar agreements permitted under this Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture agreement or similar agreements of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent Guarantor to make required payments under the Parent Guarantee, or (z) any Subsidiary Guarantor to make required payments under its Subsidiary Guarantee; or

(viii) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of

this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Section 4.08 Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries.

The Parent Guarantor 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 in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Parent Guarantor or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, *pro rata* to its shareholders or incorporators or on a basis more favorable to the Parent Guarantor;

(b) 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 Parent Guarantor or a Wholly Owned Restricted Subsidiary;

(c) 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 Parent Guarantor or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Section 4.12 to the extent required thereunder; and

(d) 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 be a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under Section 4.05 if made on the date of such issuance or sale and *provided* that, the Parent Guarantor complies with Section 4.12 to the extent required thereunder.

Section 4.09 Limitation on Issuances of Guarantees by Restricted Subsidiaries.

(a) The Parent Guarantor will not permit any Restricted Subsidiary that is neither the Issuer nor a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Issuer, the Parent Guarantor or any Subsidiary Guarantor, unless (i) (A) such Restricted Subsidiary simultaneously executes and delivers to the Trustee a supplemental indenture to this Indenture providing for an unsubordinated Subsidiary Guarantee 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 Parent Guarantor or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full, (ii) such Guarantee and such Guaranteed Indebtedness are permitted by clauses (ii), (iii) or (xvi) (in the case of clause (xvi) of Section 4.04(b), with respect to the Guarantee provided by the Parent Guarantor or any Restricted Subsidiary through the pledge of one or more bank accounts to secure, directly or indirectly, any Bank Deposit Secured Indebtedness) under Section 4.04(b) or (iii) such Restricted Subsidiary is organized under the laws of the PRC and such Guaranteed Indebtedness is Incurred by the Parent Guarantor within the PRC.

(b) If the Guaranteed Indebtedness (i) ranks *pari passu* in right of payment with the Notes, the Parent Guarantee or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness will rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (ii) is subordinated in right of payment to the Notes, the Parent Guarantee or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness will be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Parent Guarantee or the Subsidiary Guarantee.

Section 4.10 Limitation on Sale and Leaseback Transactions.

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

(a) the Parent Guarantor or such Restricted Subsidiary, as the case may be, could have (i) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under Section 4.04 and (ii) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under Section 4.06, in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;

(b) 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

(c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Parent Guarantor or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, Section 4.12.

Section 4.11 Repurchase of Notes Upon a Change of Control.

(a) Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a “**Change of Control Offer**”) at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, to (but excluding) the Offer to Purchase Payment Date. Any such Change of Control Offer shall be completed within 30 days of the date on which such Change of Control Offer is made.

(b) Each of the Issuer and the Parent Guarantor agrees that 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 this Indenture.

(c) Notwithstanding the above, the Issuer or the Parent Guarantor 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 this Indenture applicable to a Change of Control Offer made by the Issuer or the Parent Guarantor and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

(d) The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to any person for any failure to do so.

(e) The Trustee shall not 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 Issuer. The Trustee shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee 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 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.

Section 4.12 Limitation on Asset Sales.

(a) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(i) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(ii) the consideration received by the Parent Guarantor or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(iii) at least 75.0% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); *provided* that in the case of an Asset Sale in which the Parent Guarantor or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor shall deliver to the Trustee an opinion as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Parent Guarantor's most recent consolidated balance sheet, of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, the Parent Guarantee or any 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 Parent Guarantor or such Restricted Subsidiary, as the case may be, from further liability; and

(2) any securities, notes or other obligations received by the Parent Guarantor or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Parent Guarantor or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

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

(i) permanently repay unsubordinated Indebtedness of the Parent Guarantor or any Restricted Subsidiary (and, if such unsubordinated Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Parent Guarantor or a Restricted Subsidiary; or

(ii) acquire properties and assets (other than current assets), including any shares of Capital

Stock in a Person holding such properties or assets that is primarily engaged in a Permitted Business, that will be used in the Permitted Businesses (“**Replacement Assets**”);

provided that, pending the application of Net Cash Proceeds in accordance with Section 4.12(b)(i) or (ii), such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments.

(c) Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in Section 4.12(b) will constitute “**Excess Proceeds**.” Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Dollar Equivalent thereof), within ten days thereof, the Parent Guarantor must make an Offer to Purchase Notes having a principal amount equal to:

(i) accumulated Excess Proceeds, multiplied by

(ii) 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\$1,000.

(d) The offer price in any Offer to Purchase with the Excess Proceeds from any Asset Sale will be equal to 100.0% of the principal amount plus accrued and unpaid interest, if any, to (but excluding) the date of purchase, and will be payable in cash.

(e) If any Excess Proceeds remain after consummation of an Offer to Purchase, the Parent Guarantor or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes will be purchased on a *pro rata* basis based on the principal amount of the Notes and such other *pari passu* Indebtedness tendered (with adjustments to prevent fractional Notes). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Section 4.13 Limitation on Transactions with Shareholders and Affiliates.

(a) The Parent Guarantor 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 5.0% or more of any class of Capital Stock of the Parent Guarantor or (y) any Affiliate of the Parent Guarantor (each an “**Affiliate Transaction**”), unless:

(i) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Parent Guarantor or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Parent Guarantor; and

(ii) the Parent Guarantor 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 (ii)(A) above, an opinion as to the fairness to the Parent Guarantor or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

(b) The limitation set forth in Section 4.13(a) above does not limit, and shall not apply to:

(i) the payment of reasonable and customary regular fees to directors of the Parent Guarantor or any of its Restricted Subsidiaries who are not employees of the Parent Guarantor or any of its Restricted Subsidiaries;

(ii) transactions between or among the Parent Guarantor and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

(iii) *[Reserved]*;

(iv) any sale of Capital Stock (other than Disqualified Stock) of the Parent Guarantor;

(v) any transaction between (A) the Parent Guarantor or any Restricted Subsidiary and (B) any entity in the Listing Event Group entered into in connection with a proposed Listing Event, including but not limited to the transactions entered into for purposes of any reorganization in connection with a proposed Listing Event and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with a proposed Listing Event; and

(vi) any transaction on or after a Listing Event between (A) the Parent Guarantor or any Restricted Subsidiary and (B) any entity in the Listing Event Group entered into in the ordinary course of business, on fair and reasonable terms, and in compliance with the rules governing related party transactions of the stock exchange on which that such Listing Event occurs.

In addition, the requirements of Section 4.13(a)(ii) shall not apply to (i) Investments (other than Permitted Investments) not prohibited by Section 4.05, (ii) transactions pursuant to agreements in effect on the Original Issue Date, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Parent Guarantor and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction between or among (A) the Parent Guarantor, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, or (B) the Parent Guarantor or a Restricted Subsidiary on the one hand and any 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 Parent Guarantor or any Restricted Subsidiary) of or in such Restricted Subsidiary or Unrestricted Subsidiary, as the case may be, is a Person described in clauses (x) or (y) of Section 4.13(a) (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary or Unrestricted Subsidiary, or by reason of being a Subsidiary, of the Parent Guarantor).

Section 4.14 Limitation on the Parent Guarantor's Business Activities.

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, that the Parent Guarantor or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited under Section 4.05.

Section 4.15 Payment of amounts due under the terms of the Scheme

The Issuer shall pay all amounts that are due and payable under or in connection with the Scheme, including, but not limited to, the Work Fee (as defined in the Scheme), on their respective due dates as specified in the Scheme documentation.

Section 4.16 Limitation on Repayment of Indebtedness Owed to Affiliates of the Parent Guarantor.

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, repay any Indebtedness owed to Affiliates of the Parent Guarantor (other than Subsidiaries of the Parent Guarantor).

Section 4.17 Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary; *provided that:*

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such designation;

(ii) such Restricted Subsidiary does not own any Disqualified Stock of the Parent Guarantor or any Subsidiary Guarantor or Disqualified or Preferred Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor or hold any Indebtedness of, or any Lien on any property of, the Parent Guarantor or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under Section 4.04 or such Lien would violate Section 4.06;

(iii) 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;

(iv) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Parent Guarantor or any other Restricted Subsidiary after giving effect to such designation and none of the Parent Guarantor or any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary (other than any Guarantee in compliance with Section 4.17(a)(v)); and

(v) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made under Section 4.05.

(b) The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that:*

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such designation;

(ii) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred under Section 4.04; any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred under Section 4.06;

(iii) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and

(iv) if such Restricted Subsidiary is not a Non-Guarantor Subsidiary, such Restricted Subsidiary will upon such designation execute and deliver to the Trustee a supplemental indenture to this Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor to the extent required in Article 13.

(c) Any designation by the Board of Directors of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to the designation and an Officers' Certificate certifying that the designation complied with the foregoing provisions.

Section 4.18 Anti-Layering.

The Issuer shall not Incur and the Parent Guarantor shall not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the Parent Guarantee or the Subsidiary Guarantees, as the case may be, on substantially identical terms; *provided* that this requirement 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.

Section 4.19 Provision of Financial Statements and Reports.

(a) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and make available on the Transaction Website (access to which shall be not require any confidentiality or non-disclosure agreement), and furnish to the Holders upon request:

(i) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Parent Guarantor, copies of the financial statements on a consolidated basis of the Parent Guarantor in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of a nationally or internationally recognized firm of independent accountants together with an English translation thereof; and

(ii) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of each fiscal year of the Parent Guarantor, copies of the financial statements on a consolidated basis of the Parent Guarantor in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP together with an English translation thereof.

provided that if at any time the Common Stock of the Parent Guarantor is listed for trading on a recognized stock exchange, the Parent Guarantor may, in lieu of the filings described in Section 4.19(a)(i) and (ii),

file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with such exchange, true and correct copies of any financial or other report filed with such exchange, in each case together with an English translation thereof.

All financial statements shall be accompanied by explanatory notes (i) comprising a summary of significant accounting policies, (ii) providing a relevant description of the items presented in the primary financial statements and of unrecognised arrangements, claims against and rights of the entity that exist at the reporting date, (iii) disclosing information about other past events and current conditions and circumstances that can affect an entity's cash flows, (iv) disclosing other information required by GAAP that is not presented elsewhere in the financial statements, and (v) providing information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

(b) So long as any Note remains outstanding, the Parent Guarantor will provide to the Trustee (a) within 150 calendar 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 most recent fiscal year and showing in reasonable details 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 Parent Guarantor's external auditors verifying the accuracy of the calculation and arithmetic computation; *provided* that the Parent Guarantor shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within 14 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of a Default (or within 14 days of a written request from the Trustee), an Officers' Certificate setting forth the details of the Default, and the action which the Parent Guarantor proposes to take with respect thereto.

(c) Delivery of reports and information to the Trustee pursuant to Section 4.19(a) is for informational purposes only and the Trustee's receipt of them will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Parent Guarantor's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

(d) The Trustee shall promptly send to Holders all financial statements and reports received by it pursuant to this Section 4.19.

(e) Any financial statements published pursuant to this Section 4.19 shall continue to be made available on the Transaction Website and be accessible (without entry into any confidentiality or non-disclosure agreement) until the date falling six months after the date of release of such financial statements on the Transaction Website or the date of release of any more recent financial statements of the Parent Guarantor on the Transaction Website, whichever occurs first.

Section 4.20 Additional Amounts.

(a) All payments of principal of, and premium (if any) and interest on the Notes or under the Note 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 Issuer, the Parent Guarantor, a Surviving Person or an applicable 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 payment is made by or on behalf of the Issuer, the Parent Guarantor, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the "**Relevant Jurisdictions**"), 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 Issuer, the Parent Guarantor, a Surviving Person or the applicable Subsidiary Guarantor as the case may be, will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(i) for or on account of:

(A) any tax, duty, assessment or governmental charge that would not have been imposed but for:

(1) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under the Note Guarantees, 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 engaged in a trade or business therein or having or having had a permanent establishment therein;

(2) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

(3) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, the Parent Guarantor, a Surviving Person or any 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;

(B) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(C) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Note (where presentation is required) for payment in the Relevant Jurisdictions and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere;

(D) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing such an intergovernmental agreement or FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA;

(E) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (A), (B), (C) and (D); or

(ii) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, 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, partner or beneficial owner been the Holder thereof.

(b) The Issuer, the Parent Guarantor, a Surviving Person and each Subsidiary Guarantor, as the case may be, will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Issuer, the Parent Guarantor, a Surviving Person and each Subsidiary Guarantor, as the case may be, will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. The Issuer, the Parent Guarantor, a Surviving Person and each Subsidiary Guarantor, as the case may be, will furnish to the Holders and the Trustee, within 90 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

(c) At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer, the Parent Guarantor, a Surviving Person or any Subsidiary Guarantor, as the case may be, will be obligated to pay Additional Amounts with respect to such payment, the Issuer, the Parent Guarantor, a Surviving Person or any Subsidiary Guarantor, as the case may be, will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

(d) The Issuer will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto.

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

(f) Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to above or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Parent Guarantor, the Subsidiary Guarantors or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

Section 4.21 No Payments for Consents.

(a) The Parent Guarantor shall not, and shall not permit any of its Subsidiaries to, directly or

indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes or the Note Guarantees 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.

(b) 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 this Indenture, the Notes or the Note Guarantees in connection with an exchange offer or a tender offer, the Parent Guarantor and any of its Subsidiaries may exclude (i) holders or beneficial owners of the Notes that are located in the U.S., or “U.S. persons” as defined in Regulation S under the Securities Act, and (ii) holders or beneficial owners of the Notes in any jurisdiction (other than the United States) where the inclusion of such holders or beneficial owners would require the Parent Guarantor or any of its Subsidiaries to comply with the registration 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 Parent Guarantor in its reasonable judgment.

Section 4.22 Suspension of Certain Covenants.

(a) If on any date following the date of this Indenture, the Notes have a rating of Investment Grade from at least two of the three Rating Agencies and no Default has occurred and is continuing (a “**Suspension Event**”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from two of the three Rating Agencies, the following provisions of this Indenture will be suspended:

- (1) Section 4.04;
- (2) Section 4.05;
- (3) Section 4.07;
- (4) Section 4.08;
- (5) Section 4.09;
- (6) Section 4.10;
- (7) Section 4.12;
- (8) Section 4.14; and
- (9) Section 5.01(a)(iii), Section 5.01(a)(iv), Section 5.01(b)(iii), Section 5.01(b)(iv), Section 5.01(c)(iii) and Section 5.01(c)(iv).

(b) During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to Section 4.17 or the definition of “Unrestricted Subsidiary.”

(c) Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect

with regard to actions of the Parent Guarantor or any Restricted Subsidiary properly taken in compliance with the provisions of this Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under Section 4.05 will be made as if such covenant had been in effect since the date of this Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

Section 4.23 Enhanced Return Notes

Without the prior written consent of the Trustee (acting upon the instruction of Holders of a majority in principal amount of the Notes):

(a) neither the Issuer, any other member of the Group or any of its or their Affiliates may purchase or otherwise acquire, and the Parent Guarantor shall procure that none of them purchases or otherwise acquires, any interest in the Enhanced Return Notes in the open market or by tender or privately negotiated transactions or by any other means;

(b) other than permitted under section 16.1.1 of the ERN Indenture, the Issuer shall not, and the Parent Guarantor shall procure that the Issuer does not, amend, modify, terminate, waive or otherwise alter, in whole or in part, the ERN Indenture;

(c) the Issuer shall not, and the Parent Guarantor shall procure that the Issuer does not, make any payment, repurchase, redemption, defeasance or other acquisition or retirement of any Enhanced Return Note other than in accordance with the terms and conditions thereof; and

(d) at any time a Default has occurred and is continuing, no payment, repurchase, redemption, defeasance or other acquisition or retirement may be made on, of or with respect to the Enhanced Return Notes.

Section 4.24 Further Assurances.

(a) The Issuer shall, and shall cause each Group member who is a party to a Security Document to, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, as applicable, any and all further acts, deeds, conveyances, security agreements, assignments, notices of assignment, transfers, certificates (including Officer's Certificates), assurances and other instruments as may be required under this Indenture and the Security Documents or reasonably requested by the Trustee or the Collateral Agent in order to:

(i) carry out the terms and provisions of the Security Documents (subject to the limitations contained therein);

(ii) subject to the Liens created by the Security Documents any of the rights or interests required to be encumbered thereby, to the extent required thereby;

(iii) perfect and maintain the validity, effectiveness and priority of any of the Security Documents and the Liens intended to be created thereby, in each case, to the extent required thereby or by this Indenture; and

(iv) assure, convey, grant, assign, transfer, preserve, protect and confirm to the Trustee any of the rights granted now or thereafter intended by the parties thereto to be granted to the Collateral Agent under the Security Documents or under any other instrument executed in connection therewith.

(b) Upon the exercise by the Trustee, the Collateral Agent or any Holder of any remedy during the continuance of an Event of Default under this Indenture or any of the Security Documents that requires any consent, approval, recording, qualification or authorization of any governmental authority, the Issuer will, and will cause each Group member who is a party to a Security Document to, use best efforts to execute and deliver all applications, certifications, instruments and other documents and papers that may be required from the Issuer or that Group member for such governmental consent, approval, recording, qualification or authorization.

ARTICLE 5

CONSOLIDATION, MERGER AND SALE OF ASSETS

Section 5.01 Consolidation, Merger and Sale of Assets.

(a) The Issuer shall 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 the properties and assets of the Issuer and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) unless each of the following conditions is satisfied:

(i) the Issuer shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Issuer consolidated or merged, or that acquired or leased such property and assets (the “**Issuer Surviving Person**”) shall be a corporation organized and validly existing under the laws of the British Virgin Islands, the Cayman Islands or Hong Kong and shall expressly assume, by a supplemental indenture to this Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under this Indenture, the Notes and the Security Documents, as the case may be, including the obligation to pay Additional Amounts with respect to any Relevant Jurisdiction, and this Indenture, the Notes and the Security Documents, as the case may be, shall remain in full force and effect;

(ii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Parent Guarantor Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Parent Guarantor Surviving Person, as the case may be could Incur at least US\$1.00 of Indebtedness under the proviso in Section 4.04(a);

(v) the Parent Guarantor shall deliver to the Trustee (A) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) of this Section 5.01(a)) and (B) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision, that all conditions precedent provided for in this Indenture relating to such transaction have been complied with, and that the registration of the Parent Guarantee under Article 8 remains valid and effective under PRC law;

(vi) the Parent Guarantor, unless the Parent Guarantor is the Person with which the Issuer has entered into a transaction described under this Section 5.01(a), shall execute and deliver a

supplemental indenture to this Indenture confirming that the Parent Guarantee shall apply to the obligations of the Issuer or the Issuer Surviving Person, as the case may be, in accordance with the Notes and this Indenture;

(vii) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Issuer has entered into a transaction described under this Section 5.01(a), shall execute and deliver a supplemental indenture to this Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Issuer or the Issuer Surviving Person, as the case may be, in accordance with the Notes and this Indenture;

(viii) [RESERVED]; and

(ix) no Rating Decline shall have occurred.

(b) The Parent Guarantor shall 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 the properties and assets of the Parent Guarantor and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Issuer or the Subsidiary Guarantors) unless each of the following conditions is satisfied:

(i) the Parent Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Parent Guarantor consolidated or merged, or that acquired or leased such property and assets (the “**Parent Guarantor Surviving Person**”) shall be a corporation organized and validly existing under the laws of the PRC, Cayman Islands, Hong Kong or British Virgin Islands and shall expressly assume, by a supplemental indenture to this Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under this Indenture and the Parent Guarantee, as the case may be, including the obligation to pay Additional Amounts with respect to any Relevant Jurisdiction, and this Indenture and the Parent Guarantee and shall remain in full force and effect;

(ii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Parent Guarantor Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Parent Guarantor Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in Section 4.04(a);

(v) the Parent Guarantor shall deliver to the Trustee (A) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) of this Section 5.01(b)) and (B) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision, that all conditions precedent provided for in this Indenture relating to such transaction have been complied with, and that the registration of the Parent Guarantee under Article 8 remains valid and effective;

(vi) the Parent Guarantor, unless the Parent Guarantor is the Person with which the Issuer

has entered into a transaction described under this Section 5.01(b), shall execute and deliver a supplemental indenture to this Indenture confirming that the Parent Guarantee shall apply to the obligations of the Issuer or the Issuer Surviving Person, as the case may be, in accordance with the Notes and this Indenture;

(vii) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Parent Guarantor has entered into a transaction described under this Section 5.01(b), shall execute and deliver a supplemental indenture to this Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Issuer, as the case may be, in accordance with the Notes and this Indenture;

(viii) [RESERVED]; and

(ix) no Rating Decline shall have occurred.

(c) No 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 the properties and assets of the Subsidiary Guarantor and its Restricted Subsidiaries (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 Parent Guarantor or another Subsidiary Guarantor or the Issuer), unless each of the following conditions is met:

(i) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Issuer, the Parent Guarantor, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction in accordance with this Indenture;

(ii) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Parent Guarantor Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;

(iv) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Parent Guarantor Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in Section 4.04(a);

(v) the Parent Guarantor shall deliver to the Trustee (A) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (iii) and (iv) of this Section 5.01(c) and (B) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision, that all conditions precedent provided for in this Indenture relating to such transaction have been complied with; and

(vi) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with Section 4.12 or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with Section 13.11.

(d) The foregoing requirements in Section 5.01 shall not apply to a consolidation or merger of any Subsidiary Guarantor with and into the Issuer, the Parent Guarantor or any other Subsidiary Guarantor, or a sale, transfer, conveyance or lease of any properties and assets by any Subsidiary Guarantor to the Issuer, the Parent Guarantor or any other Subsidiary Guarantor, so long as the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, survives such consolidation, merger, sale, transfer, conveyance or lease.

ARTICLE 6

DEFAULT AND REMEDIES

Section 6.01 Events of Default.

Each of the following events is an “**Event of Default**” in this Indenture:

(a) 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;

(b) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(c) (i) default in the performance or breach of the provisions of Article 5, or (ii) the failure by the Issuer or the Parent Guarantor, as applicable, to make or consummate an Offer to Purchase or a redemption in the manner described under Section 3.03, Section 3.04, Section 4.11, Section 4.12, Section 8.01, Section 8.02 or Section 8.03 or (iii) the failure by the Parent Guarantor or the Issuer to create, or cause to create, a Lien on the Collateral (subject to Permitted Liens) in accordance with the provisions described under Article 11 and the terms of the Security Documents;

(d) default in the performance or breach of any other covenant or agreement in this Indenture or under the Notes (other than a default specified in clause (a), (b) (c), (j), (k) or (l) of this Section 6.01) and such default or breach continues for a period of 30 consecutive days after written notice to the Issuer by the Trustee or the Holders of 25.0% or more in aggregate principal amount of the Notes;

(e) there occurs an ERN Event of Default;

(f) there occurs with respect to any Indebtedness of the Issuer, the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount of US\$10.0 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) a failure to pay principal of, or interest or premium (if any) on, such Indebtedness when the same becomes due (taking into account any applicable grace period);

(g) one or more final judgments or orders for the payment of money are rendered against the Issuer, the Parent Guarantor 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\$10.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(h) an involuntary case or other proceeding is commenced against the Issuer, the Parent Guarantor or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or

other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Parent Guarantor or any Significant Subsidiary or for any substantial part of the property and assets of the Issuer, the Parent Guarantor or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer, the Parent Guarantor or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(i) the Issuer, the Parent Guarantor or any Significant Subsidiary, (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Parent Guarantor or any Significant Subsidiary or for all or substantially all of the property and assets of the Issuer, the Parent Guarantor or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors (other than, in each case under (ii), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Issuer, the Parent Guarantor or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Parent Guarantor);

(j) the Parent Guarantor or any Subsidiary Guarantor denies or disaffirms its obligations under the Parent Guarantee or the relevant Subsidiary Guarantee or, except as permitted by this Indenture, the Parent Guarantee or any Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect;

(k) any default by any Group member, the Parent Guarantor or the Issuer in the performance of any of its obligations under this Indenture or the Security Documents to which it is a party, which adversely affects the enforceability, validity, perfection or priority of the Lien on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect, including, without limitation, the failure by any Group member to take all requisite steps under applicable law in connection with the granting and perfection of the Initial Collateral Security Documents within two Business Days after the Original Issue Date; or

(l) (i) any Group member or the Issuer denies or disaffirms its obligations under any Security Document to which it is a party or asserts in any pleading in any court of competent jurisdiction that the Lien created or purported to be created by any of the Security Documents to which it is a party is invalid or unenforceable, (ii) other than in accordance with this Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect, or (iii) the Collateral Agent or the Trustee, as the case may be, ceases to have a first priority security interest in the Collateral.

Section 6.02 Acceleration.

If an Event of Default (other than an Event of Default specified in Section 6.01(h) or Section 6.01(i)) occurs and is continuing under this Indenture, the Trustee, in its sole discretion and without further notice, or the Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, shall declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (h) or (i) of Section 6.01 occurs with respect to the Parent Guarantor or any Significant 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.

Section 6.03 Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may (i) pursue any available remedy by proceeding at law or in equity to collect the payment of principal, premium, if any, and interest on the Notes, or to enforce the performance of any provision of the Notes or this Indenture, and (ii) instruct the Collateral Agent to exercise any available remedies under the Security Documents, but the Trustee will not be bound to take any such proceeding unless (a) it shall have been so requested in writing by the Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(b) 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. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Past Defaults.

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

(a) 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

(b) 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.

Section 6.05 Control by Majority.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, conflicts with law or this 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 shall not be required to expend its own funds in following such direction if it does not reasonably believe that reimbursement or satisfactory indemnification and/or security and/or pre-funding is assured to it.

Section 6.06 Limitation on Suits.

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

- (a) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (b) the Holders of at least 25.0% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (c) such Holder or Holders offer the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (d) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (b) above or (y) 60 days after the receipt of the offer of indemnity and/or security and/or pre-funding pursuant to clause (c) above, whichever occurs later; and
- (e) 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 request.

Section 6.07 Rights of Holders to Receive Payment.

Notwithstanding anything to the contrary, the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under Note Guarantees, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, shall not be impaired or affected without the consent of such Holder.

Section 6.08 Compliance Certificate.

Officers of the Parent Guarantor must certify to the Trustee in substantially the form attached hereto as EXHIBIT H, on or before a date not more than 90 days after the end of each fiscal year ending after the Original Issue Date and within 14 days after any written request by the Trustee, that a review has been conducted of the activities of the Parent Guarantor and the Restricted Subsidiaries and the Parent Guarantor's and the Restricted Subsidiaries' performance under this Indenture and that the Parent Guarantor and each Restricted Subsidiary have fulfilled all of their respective obligations hereunder and that there has been no Event of Default, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof.

Section 6.09 Collection Suit by Trustee.

If an Event of Default in payment specified in Section 6.01(a) or Section 6.01(b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust for the whole amount remaining unpaid, together with interest on overdue principal or premium and, to the extent lawful, overdue installments of interest, in each case at the rate specified in the Notes, and such further amount as is sufficient to cover the costs and expenses of collection, including the properly incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee hereunder.

Section 6.10 Trustee May File Proofs of Claim.

The Trustee may file proofs of claim and other papers or documents as may be necessary or

advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee hereunder) and the Holders allowed in any judicial proceedings relating to the Issuer, the Parent Guarantor or any Subsidiary Guarantor or their respective creditors or property, and is entitled and empowered to collect, receive and distribute any money, securities or other property payable or deliverable upon conversion or exchange of the Notes or upon any such claims. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, if the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee hereunder. Nothing in this Indenture will be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.11 Priorities.

If the Trustee collects any money pursuant to this Indenture, it shall pay out the money in the following order:

First, to the Collateral Agent to reimburse the Collateral Agent, for itself and in its capacity as Collateral Agent, for any fees and expenses incurred in connection with the collection or distribution of such amounts held or realized or in connection with the Security Documents and in connection with expenses incurred in enforcing remedies under the Security Documents and preserving the Collateral and all amounts for which the Collateral Agent is entitled to indemnification under this Indenture or the Security Documents;

Second, to the Trustee and the Agents to reimburse the Trustee and the Agents for any expenses incurred in connection with the collection or distribution of such amounts held or realized and any fees, costs and expenses incurred in connection with carrying out their functions under this Indenture the Security Documents and in connection with the collection or distribution of such amounts held or realized or in connection with expenses properly incurred in enforcing remedies under this Indenture and the Security Documents and preserving the Collateral and all amounts for which the foregoing persons are entitled to indemnification under this Indenture and the Security Documents (including properly incurred legal fees) including all amounts for which the Trustee and the Agents are entitled to for indemnification under this Indenture and the Security Documents;

Third, to the Trustee for the benefit of Holders; and

Fourth, any surplus remaining after such payments will be paid to the Issuer or to whomever may be lawfully entitled thereto.

The Trustee, upon written notice to the Issuer, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.11.

Section 6.12 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted a proceeding to enforce any right or remedy under this Indenture and the proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to the Holder, then, subject to any determination in the proceeding, the Issuer, the Parent Guarantor, any Subsidiary Guarantor, the Trustee and the Holders will be restored severally and

respectively to their former positions hereunder and thereafter all rights and remedies of the Issuer, the Parent Guarantor, any Subsidiary Guarantor, the Trustee and the Holders will continue as though no such proceeding had been instituted.

Section 6.13 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court may require any party litigant in such suit (other than the Trustee) to file an undertaking to pay the costs of the suit, and the court may assess reasonable costs, including reasonable attorneys' fees, against any party litigant (other than the Trustee) in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.13 does not apply to a suit by a Holder to enforce payment of principal of or interest on any Note on the respective due dates, or a suit by Holders of more than 10.0% in principal amount of the outstanding Notes.

Section 6.14 Rights and Remedies Cumulative.

No right or remedy conferred or reserved to the Trustee or to the Holders under this Indenture is intended to be exclusive of any other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or exercise of any other right or remedy.

Section 6.15 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.16 Waiver of Stay, Extension or Usury Laws.

Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) covenants, to the extent that it may lawfully do so, that it shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, from paying all or any portion of the principal of, or premium or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture. Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby expressly waives, to the extent that it may lawfully do so, all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7 THE TRUSTEE AND THE AGENTS

Section 7.01 General.

(a) The duties and responsibilities of the Trustee are as set forth herein. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to this Article.

(b) Except during the continuance of a Default, the Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture or the Notes, as the case may be, and no implied covenant or obligation shall be read into this Indenture or the Notes, if any (as the case may be) against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall use the same degree of care and skill in its exercise of the rights and powers vested in it under this Indenture or the Notes, as the case may be, as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee shall be under no obligation to exercise any of its rights or powers under this Indenture at the request of any Holder, unless such Holders shall have offered to the Trustee security and/or indemnity and/or pre-funding satisfactory to it against any loss, liability or expense.

(c) The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Parent Guarantor, the Issuer and their respective Affiliates and profit therefrom without being obliged to account from profits; *provided*, however that if it acquires any conflicting interest, it must eliminate such conflict or resign.

(d) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct or fraud, except that the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02 or Section 6.05.

(e) Unless the Trustee receives prior written notice from the Issuer, the Trustee shall be entitled to assume, without any further inquiry, that the Parent Guarantor and the Issuer have duly performed all of their respective obligations in accordance with this Indenture, including each of the exhibits attached hereto.

(f) Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for the recitals, statements, warranties or representations of any party contained in this Indenture or any other agreement or other document entered into in connection herewith or therewith and shall assume the accuracy and correctness thereof and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any trust or security thereby constituted or evidenced, and the Trustee may accept without enquiry, requisition or objection such title as the Issuer, the Parent Guarantor or any Subsidiary Guarantor may have to the property charged or assigned pursuant to any security documents or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to such property or any part thereof from time to time whether or not any default or failure is or was known to the Trustee or might be, or might have been, discovered upon examination, inquiry or investigation and whether or not capable of remedy. Each Holder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof. Neither the Trustee nor any Agent will have no obligation or duty to monitor, determine or inquire as to compliance with any of the provisions in this Indenture or the financial performance of the Issuer, the Parent Guarantor and the Subsidiary

Guarantors (if any).

(g) The Trustee shall not be liable for errors in judgment made by it in good faith unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

(h) Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether a SAFE Event any event which could lead to redemption of Notes pursuant to Article 3 (*Redemption*) or a SAFE Event has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee and each Agent shall be entitled to assume that no such event has occurred until it has received written notice from the Issuer, the Parent Guarantor or any Beneficial Holder. Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee 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. Neither the Trustee nor any Agent shall be under any duty to determine, calculate or verify whether a Note is to be accepted for redemption or repurchase or the amounts payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so. Neither the Trustee nor any Agent shall be responsible for monitoring, or charged with knowledge of, the maximum aggregate amount of Notes eligible to be redeemed or repurchased under this Indenture.

Section 7.02 Certain Rights of Trustee and Other Agents.

Subject to Section 7.01:

(a) In the absence of fraud, gross negligence or willful misconduct on its part, the Trustee may conclusively rely, and will be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but, in the case of any document which is specifically required to be furnished to the Trustee pursuant to any provision hereof, the Trustee shall examine the document to determine whether it conforms to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). The Trustee, in its sole and absolute discretion, may make further inquiry or investigation into such facts or matters as it sees fit.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel conforming to Section 15.04 and Section 15.05 and the Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such certificate and/or opinion.

(c) The Trustee may act through its delegates, attorneys and agents and will not be responsible for supervising or monitoring any delegate, attorney or agent or for the misconduct or negligence of any delegate, attorney or agent appointed with due care by it hereunder. To the extent an agent has been named by the Trustee in connection with this Indenture, the parties hereto shall cooperate to ensure that such agent can perform the duties for which it was appointed. Upon an Event of Default, the Trustee shall be entitled to require all agents (including the Agents) to act solely in accordance with its directions.

(d) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any loss, liability or expenses that might be suffered or incurred by it in compliance with such request or direction.

(e) The Trustee will not be liable for any action it takes or omits to take in good faith that it

believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders in accordance with Section 6.02 or Section 6.05 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(f) The Trustee may consult with counsel or other professional advisors of its selection, and the written advice of such counsel or advisors or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives security and/or indemnity and/or prefunding satisfactory to it against any costs, loss, liability or expense.

(h) If any of the Parent Guarantor and the Subsidiary Guarantors (if any) is substituted to make payments on behalf of the Issuer pursuant to Article 12 or Article 13, the Issuer shall promptly notify the Trustee and any clearing system through which the Notes are traded of such substitution.

(i) The Trustee may request that the Issuer, the Parent Guarantor or Subsidiary Guarantors (if any) deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate.

(j) In connection with the exercise by it of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorization or determination), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any country, state or territory and a Holder shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

(k) Under no circumstance will the Trustee be liable for any special, indirect punitive or consequential loss or damage of any kind whatsoever (inter alia, being loss of business, goodwill, opportunity or profit), whether or not foreseeable, even if the Trustee has been advised of such loss or damage and regardless of the form of action. The provisions of this Section 7.02(k) shall survive the termination or expiry of this Indenture, discharge of the Notes and the resignation or removal of the Trustee.

(l) The Trustee is not obliged to do or omit to do anything which in its reasonable opinion would or may be illegal or would result in the Trustee being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organization to which the Trustee is subject.

(m) Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby irrevocably waives, in favor of the Trustee and the Agents, any conflict of interest that may arise by virtue of the Trustee and/or the Agents acting in various capacities under the Notes, the Note Guarantees or this Indenture or for other customers of the Trustee and the Agents. Each of the Issuer, the Parent Guarantor

and the Subsidiary Guarantors (if any) acknowledges that the Trustee and the Agents and their respective affiliates (together, the “**Agent Parties**”) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) may regard as conflicting with its interests and may possess information (whether or not material to the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any)) other than as a result of the Trustee and/or the Agents acting as the Trustee and/or the Agents hereunder, that the Trustee and/or the Agents may not be entitled to share with the Issuer, the Parent Guarantor and/or the Subsidiary Guarantors (if any). The Trustee and the Agents will not disclose confidential information obtained from the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) (without its consent) to any of the Trustee’s and/or the Agents’ other customers or affiliates nor will it use on behalf of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) agrees that the Agent Parties may deal (whether for its own or its customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Notes, the Note Guarantees or this Indenture.

Section 7.03 Individual Rights of Trustee.

The Trustee, in its individual or any other capacity, may become the owner or pledgee of the Notes and may otherwise deal with the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) or their respective Affiliates with the same rights it would have if it were not the Trustee and nothing herein shall obligate the Trustee to account for any profits earned from any business or transactional relationship. Any Agent may do the same with like rights.

Section 7.04 Trustee’s Disclaimer.

The Trustee (1) makes no representation as to the validity or adequacy of this Indenture, the Notes, the Note Guarantees, (2) is not accountable for the Issuer’s use or application of the proceeds from the Notes, (3) is not responsible for any statement in the Notes other than its certificate of authentication and (4) shall not have any responsibility for the Issuer’s or any Holder’s compliance with any state or U.S. federal securities law in connection with the Notes.

Section 7.05 Notice of Default.

The Trustee shall not be deemed to have knowledge of a Default or Event of Default unless and until a Responsible Officer of the Trustee obtains written notification of such Default or Event of Default from the Issuer identifying the circumstances constituting such Default or Event of Default. The Trustee shall not be bound to enforce any provision of this Indenture unless it is directed in writing by the Holders to do so and unless it has received security and/or indemnity and/or pre-funding satisfactory to it. None of the Trustee or any Agent is obligated to do anything to ascertain whether any Event of Default or 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 each of the Trustee and the Agents may assume that no such event has occurred (except when there is a default in payment of principal or interest on any Note or failure by the Parent Guarantor to provide its annual compliance certificate to the Trustee) and that the Issuer, the Parent Guarantor and the Subsidiary Guarantors are performing all of their obligations under this Indenture, and the Notes unless the Trustee, or the Agents, as the case may be, has received written notice of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Issuer, the Parent Guarantor and the Subsidiary Guarantors are not performing all of their obligations under this Indenture and/or the Notes. The Trustee is entitled to rely on any Opinion of Counsel or Officers’ Certificate regarding whether an Event of Default has occurred.

Section 7.06 Compensation and Indemnity.

(a) The Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) agree to be jointly and severally responsible for and will pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a trustee of an express trust. The Issuer will reimburse the Trustee upon request for all out-of-pocket expenses, disbursements and advances (including costs of collection) properly incurred or made by the Trustee, including the properly incurred compensation, expenses and disbursements of the Trustee's agents and counsel and other Persons not regularly within its employ.

(b) Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) agrees to be jointly and severally responsible for and will indemnify the Trustee or any predecessor Trustee and their agents, employees, officers and directors for, and hold it harmless against, any loss or liability or properly incurred expense incurred without gross negligence, willful misconduct or fraud on its part arising out of or in connection with the acceptance or administration of this Indenture and its duties under this Indenture, the Notes, the Parent Guarantee and the Subsidiary Guarantee (if any), as the case may be, including the properly incurred costs and expenses of defending itself against any claim or liability and of complying with any process served upon it or any of its officers in connection with the exercise or performance of any of its powers or duties under this Indenture, the Notes, the Parent Guarantee and the Subsidiary Guarantee (if any) and the properly incurred compensation, expenses and disbursements of the Trustee's agents and counsel and other persons not regularly within the Trustee's employ.

(c) This Section 7.06 shall survive the redemption or maturity of the Notes, the termination of this Indenture, and the termination of the appointment of the Trustee.

(d) To secure the Issuer's payment obligations in this Section 7.06, the Trustee will have a lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except money or property held in trust to pay principal of, and interest on particular Notes.

(e) All compensation and indemnity payments made by the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) to the Trustee for the sole account of the Trustee under this Indenture shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature (including related penalties, interest and other liabilities) (hereinafter, "**Taxes**") imposed or levied by or on behalf of the government of any jurisdiction in which the Issuer, the Parent Guarantor or a Surviving Person is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC or any political subdivision or any authority or agency therein or thereof having power to tax, or any other jurisdiction in which any of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) is organized or is otherwise resident for tax purposes. If any of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) is so required by law or by regulation or governmental policy having the force of law to withhold or deduct any amount for or on account of Taxes imposed by any such jurisdiction from any payment made under or with respect to such payments to the Trustee, the Issuer shall pay such additional amounts as may be necessary so that the net amount received by the Trustee (including such additional amounts) after such withholding or deduction will not be less than the amount the Trustee would have received if such Taxes had not been withheld or deducted.

(f) If a Default or an Event of Default shall have occurred, the Issuer shall pay to the Trustee additional remuneration calculated in accordance with time cost spent by the Trustee in performing its duties at the Trustee's standard charge-out rate or in the event of an amendment, consent or waiver in connection with the Notes or this Indenture at the request of the Issuer, or an event where the Trustee reasonably finds it expedient or necessary, or is requested by the Issuer to undertake duties which are of an

exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Indenture (including, but not limited to the processing of payments in connection with the exercise of redemption rights upon a Change of Control), the Issuer will pay such additional remuneration as it may agree or, failing such agreement, as determined by an independent international merchant or investment bank (acting as an expert) selected by the Trustee and, prior to the occurrence of an Event of Default that is continuing, approved in writing by the Issuer. The expenses involved in such nomination and such merchant or investment bank's fee will be paid by the Issuer. The determination of such merchant or investment bank will be conclusive and binding on the Issuer and the Trustee.

Section 7.07 Appointment of Collateral Agent.

The parties hereto acknowledge and agree, and each Holder by accepting the Notes and the Note Guarantees acknowledges and agrees that the Issuer hereby irrevocably appoints Madison Pacific Trust Limited as Collateral Agent hereunder and under the Security Documents, and such appointment shall automatically become effective on the date hereof.

Section 7.08 [RESERVED]

Section 7.09 [RESERVED]

Section 7.10 [RESERVED]

Section 7.11 [RESERVED]

Section 7.12 [RESERVED]

Section 7.13 [RESERVED]

Section 7.14 [RESERVED]

Section 7.15 [RESERVED] [RESERVED]

Section 7.17 [RESERVED]

Section 7.18 [RESERVED].[RESERVED]

Section 7.20 [RESERVED]

Section 7.21 [RESERVED]

Section 7.22 [RESERVED]

Section 7.23 [RESERVED]

Section 7.24 [RESERVED]

Section 7.25 [RESERVED]

Section 7.26 [RESERVED]

Section 7.27 [RESERVED]

Section 7.28 [RESERVED]

Section 7.29 [RESERVED]

Section 7.30 Replacement of Trustee or Collateral Agent.

(a) (i) The Trustee and/or the Collateral Agent may resign at any time by providing 60 days' prior written notice to the Issuer.

(ii) The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee and/or the Collateral Agent by providing 60 days' prior written notice to the Trustee or the Collateral Agent, as applicable, and Holders of a majority in principal amount of the Notes may appoint a successor Trustee or the Collateral Agent with the consent of the Issuer; *provided* that, if an Event of Default has occurred and is continuing, Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding will be entitled to replace the Trustee and/or the Collateral Agent appoint a successor Trustee and/or successor Collateral Agent by (i) providing prior written notice to (and without consent from) the Issuer and (ii) providing 10 day's prior written notice to (and without consent from) the Trustee or the Collateral Agent, as applicable; *provided further* that such Holders may not replace the Trustee or the Collateral Agent appoint a successor Trustee or successor Collateral Agent if Holders of at least 50.0% in aggregate principal amount of the Notes object to such replacement or appointment.

(iii) The Issuer may remove the Trustee and/or the Collateral Agent if: (1) the Trustee and/or the Collateral Agent (or holding company thereof) is adjudged a bankrupt or an insolvent; (2) a receiver or other public officer takes charge of the Trustee and/or the Collateral Agent (or holding company thereof) or its property; or (3) the Trustee and/or the Collateral Agent (or holding company thereof) becomes incapable of acting.

A resignation or removal of the Trustee or the Collateral Agent and appointment of a successor Trustee or Collateral Agent will become effective only upon the successor Trustee's or Collateral Agent's acceptance of appointment as provided in Section 7.30(c).

(b) If the Trustee and/or the Collateral Agent resigns or is removed by the Issuer, or if a vacancy exists in the office of Trustee or the Collateral Agent for any reason, the Issuer will promptly appoint a successor Trustee or Collateral Agent. If the successor Trustee or Collateral Agent does not deliver its written acceptance within 30 days after the retiring Trustee or Collateral Agent resigns or is removed, (i) the retiring Trustee or Collateral Agent may recommend a successor Trustee or Collateral Agent to the Issuer for its approval, and, within 30 days from the date of recommendation by the retiring Trustee or Collateral Agent, the Issuer shall either approve and obtain written acceptance of appointment from such recommended Trustee or Collateral Agent or appoint another successor Trustee or Collateral Agent of its own choice and obtain written acceptance of appointment from such other successor Trustee or Collateral Agent; or (ii) the retiring Trustee or Collateral Agent, the Issuer or the Holders of a majority in principal amount of the Notes then outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee or Collateral Agent; or (iii) if the successor Trustee or Collateral Agent fails to deliver its written acceptance of appointment by the end of the 30 days' period under sub-paragraph (i) above, Holders of a majority in principal amount of the Notes then outstanding will be entitled to appoint a successor Trustee or Collateral Agent.

(c) Upon delivery by the successor Trustee or Collateral Agent of a written acceptance of its appointment to the retiring Trustee or Collateral Agent and to the Issuer, (i) the retiring Trustee or Collateral Agent will transfer all property and documents held by it as Trustee or Collateral Agent to the successor

Trustee or Collateral Agent, subject to the lien provided for in Section 7.06(d), (ii) the resignation or removal of the retiring Trustee or Collateral Agent will become effective, and (iii) the successor Trustee or Collateral Agent will have all the rights, powers and duties of the Trustee or Collateral Agent under this Indenture. Upon request of any successor Trustee or Collateral Agent, the Issuer will execute any and all instruments for fully vesting in and confirming to the successor Trustee or Collateral Agent all such rights, powers and trusts. The Issuer will give notice of any resignation and any removal of the Trustee or Collateral Agent and each appointment of a successor Trustee or Collateral Agent to all Holders, and include in the notice the name of the successor Trustee or Collateral Agent and the address of its Corporate Trust Office.

(d) Notwithstanding replacement of the Trustee or Collateral Agent pursuant to this Section 7.30, the Issuer's obligations under Section 7.06 will continue for the benefit of the retiring Trustee or Collateral Agent.

(e) The Issuer, irrevocably (i) appoints and designates the Trustee and Collateral Agent as its agents and attorneys-in-fact for the limited purposes of (A) effecting the Holders' appointment of the successor Trustee and Collateral Agent, respectively, under Section 7.30(a)(ii) or Section 7.30(b), as applicable, and (B) doing, executing, acknowledging, delivering, recording, re-recording, filing, re-filing, registering and re-registering, as applicable, any and all further acts, deeds, conveyances, security agreements, assignments, notices of assignment, transfers, certificates, assurances and other instruments as may be required for such appointment, and (ii) agrees to abstain from contesting, challenging, or otherwise taking any action adverse to the appointment of a successor Trustee or Collateral Agent by the Holders or its validity.

Section 7.31 Successor Trustee or Collateral Agent by Consolidation, Merger, Conversion or Transfer.

If the Trustee or the Collateral Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets (including the administration of the trust created by this Indenture) to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act will be the successor Trustee or Collateral Agent with the same effect as if the successor Trustee or Collateral Agent had been named as the Trustee or Collateral Agent in this Indenture.

Section 7.32 Money Held in Trust.

The Trustee will not be liable for interest on any money received by it except as it may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.33 Notice of Possible Withholding Under FATCA.

The Issuer shall notify the Trustee in the event that it determines that any payment to be made by an Agent under the Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, *provided*, however, that the Issuer's obligation under this Section 7.33 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Notes, or both.

Section 7.34 Mutual Undertaking Regarding Information Reporting and Collection Obligations.

Each party to this Indenture (each a "**Party**") shall, within ten business days of a written request by

another Party, supply to that other Party such forms, documentation and other information relating to it, its operations, or the Notes as that other Party reasonably requests for the purposes of that other Party's compliance with Applicable Law and shall notify the relevant other Party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such Party is (or becomes) inaccurate in any material respect; *provided, however, that* no Party shall be required to provide any forms, documentation or other information pursuant to this Section 7.34 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Party and cannot be obtained by such Party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality.

Section 7.35 Right to Withhold.

Notwithstanding any other provision of this Indenture, the Trustee shall be entitled to make a deduction or withholding from any payment which it makes under the Notes for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Agents shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Section 7.36.

Section 7.36 Sanctions.

Each of the Parent Guarantor and the Subsidiary Guarantors (if any) covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates are the target or subject of any sanctions enforced by the US Government, (including the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”)), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively “**Sanctions**”).

Each of the Parent Guarantor and the Subsidiary Guarantors (if any) covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates will use any payments made pursuant to this Indenture, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

ARTICLE 8 REPURCHASE OF NOTES UPON A PARENT GUARANTEE SAFE NON-COMPLIANCE EVENT

Section 8.01 Repurchase of Notes upon a Parent Guarantee SAFE Non-compliance Event.

If, in the reasonable opinion of the Trustee, the Parent Guarantee is required to be registered with any branch of the SAFE, the Trustee shall give notice thereof to the Parent Guarantor who shall promptly after receipt of such notice complete the registration of the Parent Guarantee with such branch of the SAFE (the “**Parent Guarantee SAFE Completion Event**”). If the Parent Guarantee SAFE Completion Event does not occur to the satisfaction of the Trustee (acting reasonably) on or prior to the 45th day after the date of the Trustee’s notice to the Parent Guarantor (the “**Parent Guarantee SAFE Registration Deadline**”) (such non-occurrence, a “**Parent Guarantee SAFE Non-compliance Event**”), the Issuer and

the Parent Guarantor will be required, within 30 days after the Parent Guarantee SAFE Registration Deadline, to make an Offer to Purchase (a “**Parent Guarantee SAFE Non-compliance Offer**”) all of the outstanding Notes at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, to (but excluding) the date of repurchase, which shall be no later than 15 Business Days after the commencement of the Parent Guarantee SAFE Non-Compliance Offer.

Section 8.02 Repurchase of Notes upon an Intercompany Loan Assignment SAFE Non-compliance Event.

If, in the reasonable opinion of the Trustee, the Intercompany Loan Assignment is required to be registered with any branch of the SAFE, the Trustee shall give notice thereof to the Parent Guarantor who shall promptly after receipt of such notice complete the registration of the Intercompany Loan Assignment with such branch of the SAFE (the “**Intercompany Loan Assignment SAFE Completion Event**”). If the Intercompany Loan Assignment SAFE Completion Event does not occur to the satisfaction of the Trustee (acting reasonably) on or prior to the 75th day after the date of the Trustee’s notice to the Parent Guarantor (the “**Intercompany Loan Assignment SAFE Registration Deadline**”) (such non-occurrence, an “**Intercompany Loan Assignment SAFE Non-compliance Event**”), the Issuer and the Parent Guarantor will be required, within 30 days after the Intercompany Loan Assignment SAFE Registration Deadline, to make an Offer to Purchase (an “**Intercompany Loan Assignment SAFE Non-compliance Offer**”) all of the outstanding Notes at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of repurchase, which shall be no later than 15 Business Days after the commencement of the Intercompany Loan Assignment SAFE Non-Compliance Offer.

Section 8.03 Repurchase of Notes upon a NDRC Non-compliance Event.

If, in the reasonable opinion of the Trustee, the issuance of the Notes is required to be registered with the NDRC or its local branch or an existing registration is to be updated, the Trustee shall give notice thereof to the Parent Guarantor who shall promptly after receipt of such notice complete the required registration with the NDRC or such local branch (the “**NDRC Completion Event**”). If the NDRC Completion Event does not occur to the satisfaction of the Trustee (acting reasonably) on or prior to the 30th day after the date of the Trustee’s notice to the Parent Guarantor (the “**NDRC Registration Deadline**”) (such non-occurrence, a “**NDRC Non-compliance Event**”), the Issuer and the Parent Guarantor will be required, within 30 days after the NDRC Registration Deadline, to make an Offer to Purchase (a “**NDRC Non-compliance Offer**”) all of the outstanding Notes at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, to (but excluding) the date of repurchase, which shall be no later than 15 Business Days after the commencement of the NDRC Non-Compliance Offer.

ARTICLE 9 DEFEASANCE AND DISCHARGE

Section 9.01 Defeasance and Discharge of Indenture.

The Issuer shall be deemed to have paid and shall be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to in clause (i) of this Section 9.01 and payment of all amounts due to the Trustee has been made, and the provisions of this Indenture and the Security Documents will no longer be in effect with respect to the Notes, except as to (1) rights of registration of transfer and exchange; (2) substitution of apparently mutilated, defaced, destroyed, lost or stolen Notes; (3) obligations to maintain paying agencies; (4) obligations to pay Additional Amounts; and (5) the rights of the Holders as beneficiaries hereof with respect to the monies so deposited with the Trustee

payable to all or any of them; *provided* that the following conditions shall have been satisfied:

(i) the Issuer (A) has deposited with the Trustee or to its order, in trust and the Trustee may further deposit in another account for the Issuer, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes and (B) has delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of this Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;

(ii) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized 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;

(iii) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(iv) immediately after giving effect to such deposit on a *pro forma* basis, no Default or Event of Default, (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowing), 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 (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Parent Guarantor or any of the Restricted Subsidiaries is a party or by which the Parent Guarantor or any of the Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, each of the Note Guarantees shall terminate.

Section 9.02 Covenant Defeasance.

(x) The Issuer may omit to comply with any term, provision or condition set forth in, and the provisions of this Indenture will no longer be in effect with respect to, Section 5.01(a)(iii), Section 5.01(a)(iv), Section 5.01(b)(iii), Section 5.01(b)(iv), Section 5.01(c)(iii), Section 5.01(c)(iv), Section 4.04, Section 4.05, Section 4.06, Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.12, Section 4.13, Section 4.14, Section 4.16 and Section 4.17, and (y) Section 6.01(c) with respect to Section 5.01(a)(iii), Section 5.01(a)(iv), Section 5.01(b)(iii), Section 5.01(b)(iv), Section 5.01(c)(iii), Section 5.01(c)(iv) and with respect to the other events set forth in clause (x) above in this Section 9.02, Section 6.01(d) with respect to such other covenants set forth in clause (x) above in this Section 9.02 and Section 6.01(e), Section 6.01(g), Section 6.01(h) and Section 6.01(i) shall be deemed not to be Events of Default; *provided* the following conditions have been satisfied:

(a) the deposit with the Trustee or to its order, in trust, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes; and

(b) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law.

Section 9.03 Application of Trust Money.

Subject to Section 9.04, the Trustee will hold in trust the cash in U.S. dollars or U.S. Government Obligations deposited with it pursuant to Section 9.01 or Section 9.02, and apply the deposited cash in U.S. dollars and the proceeds from the deposited U.S. Government Obligations to the payment of principal of and premium or interest on the Notes in accordance with the Notes and this Indenture. Such cash in U.S. dollars and U.S. Government Obligations will be segregated from other funds.

Section 9.04. *Repayment to the Issuer.* Subject to Section 7.06, Section 9.01 and Section 9.02, the Trustee will promptly pay to the Issuer upon written request by the Issuer in the form of an Officers' Certificate any excess money held by the Trustee at any time and thereupon be relieved from all liability with respect to such money. The Trustee will pay to the Issuer upon written request by the Issuer in the form of an Officers' Certificate any money held for payment with respect to the Notes that remains unclaimed for two years; *provided* that before making such payment the Trustee may at the expense of the Issuer publish once in a newspaper of general circulation in Hong Kong, or send to each Holder entitled to such money, notice that the money remains unclaimed and that after a date specified in the notice (at least 30 days after the date of the publication or notice) any remaining unclaimed balance of money will be repaid to the Issuer. After payment to the Issuer, Holders entitled to such money must look solely to the Issuer for payment, unless applicable law designates another Person, and all liability of the Trustee with respect to such money will cease.

Section 9.04 Reinstatement.

If and for so long as the Trustee is unable to apply any cash in U.S. dollars or U.S. Government Obligations held in trust pursuant to Section 9.01 or Section 9.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Notes will be reinstated as though no such deposit in trust had been made. If the Issuer makes any payment of principal of or interest on any Notes because of the reinstatement of its obligations, it will be subrogated to the rights of the Holders of such Notes to receive such payment from the cash in U.S. dollars or U.S. Government Obligations held in trust.

ARTICLE 10 AMENDMENTS, SUPPLEMENTS AND WAIVERS

Section 10.01 Amendments without Consent of Holders.

(a) Notwithstanding Section 10.02 and without the consent of any Holder, the Issuer, the Parent Guarantor, the Subsidiary Guarantors and the Trustee or, in the case of any Security Document, the

Collateral Agent may amend or supplement this Indenture, the Notes, the Note Guarantees and any Security Document or deliver any additional document or instrument, as applicable:

- (i) to cure any ambiguity, defect, omission or inconsistency in this Indenture, the Notes, the Note Guarantees or any Security Document, *provided* that such amendment shall not adversely affect the interest of the Holders;
 - (ii) to comply with the provisions described in Section 5.01;
 - (iii) to evidence and provide for the acceptance of appointment by a successor Trustee or Collateral Agent;
 - (iv) to effect any change to this Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
 - (v) in any other case where a supplemental indenture to this Indenture is required or permitted to be entered into pursuant to the provisions of this Indenture without the consent of any Holder;
 - (vi) to effect any changes to this Indenture in a manner necessary to comply with the procedures of the relevant clearing system;
 - (vii) to add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of this Indenture;
 - (viii) to add additional collateral to secure the Notes, the Parent Guarantee and/or any Subsidiary Guarantee or to enter into any intercreditor agreement or amendments or supplements thereto; or
 - (ix) to make any other change that does not adversely affect the rights of any Holder.
- (b) After an amendment, supplement or waiver under this Section 10.01 becomes effective, the Issuer shall send to the Trustee and the Holders affected thereby a written notice briefly describing the amendment, supplement or waiver.

Section 10.02 Amendments with Consent of Holders.

This Indenture, the Notes, the Note Guarantees and any Security Document may be amended by the Issuer, the Parent Guarantor and the other parties thereto with the consent of the Holders of not less than a majority in aggregate principal amount of the then outstanding Notes, and the Holders of a majority in principal amount of the then outstanding Notes may waive future compliance by the Issuer, the Parent Guarantor and the Subsidiary Guarantors with any provision of this Indenture, the Notes, the Note Guarantees; *provided, however*, that no such modification, amendment or waiver may, without the consent of the Holders of not less than 51% in aggregate principal amount of the then outstanding Notes:

- (i) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (ii) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (iii) change the place, currency or time of payment of principal of, or premium, if any, or

interest on, any Note;

(iv) 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 Notes;

(v) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend this Indenture;

(vi) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(vii) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of this Indenture or for waiver of certain defaults;

(viii) release the Parent Guarantor or any Subsidiary Guarantor from the Parent Guarantee or the relevant Subsidiary Guarantee, except as provided in this Indenture, as applicable;

(ix) release any Collateral, except as provided in this Indenture and the Security Documents;

(x) amend, change or modify any Note Guarantee in a manner that adversely affects the Holders;

(xi) reduce the amount payable upon a Change of Control Offer, a Parent Guarantee SAFE Non-compliance Offer, an Intercompany Assignment SAFE Non-compliance Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Change of Control Offer, a Parent Guarantee SAFE Non-compliance Offer, an Intercompany Assignment SAFE Non-compliance Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale may be made or by which the Notes must be repurchased pursuant thereto, whether through an amendment or waiver of provisions 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 Offer, a Parent Guarantee SAFE Non-compliance Offer, an Intercompany Assignment SAFE Non-compliance Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale, as the case may be;

(xii) change the redemption date, repurchase date, the redemption price or the repurchase price of the Notes from that stated in Section 3.01, Section 3.02, Section 3.03, Section 3.04, Section 4.11, Section 4.12, Section 8.01, Section 8.02 or Section 8.03;

(xiii) amend, change or modify the obligation of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to pay Additional Amounts;

(xiv) release any Collateral, except as provided in this Indenture and the Security Documents;
or

(xv) amend, change or modify any provision of this Indenture or the related definition affecting the ranking of the Notes or any Note Guarantee in a manner which adversely affects the Holders.

(b) It is not necessary for Holders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

(c) An amendment, supplement or waiver under this Section 10.02 will become effective on receipt by the Trustee of written consents from the Holders of the requisite percentage in principal amount of the outstanding Notes. After an amendment, supplement or waiver under this Section 10.02 becomes effective, the Issuer will send to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. The Issuer will send supplemental indentures to Holders upon request. Any failure of the Issuer to send such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

Section 10.03 Effect of Consent.

(a) After an amendment, supplement or waiver becomes effective, it will bind every Holder unless it is of the type requiring the consent of each Holder affected. If the amendment, supplement or waiver is of the type requiring the consent of each Holder affected, the amendment, supplement or waiver will bind each Holder that has consented to it and every subsequent Holder that evidences the same debt as the Note of the consenting Holder.

(b) If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder to deliver it to the Trustee so that the Trustee may place an appropriate notation of the changed terms on the Note and return it to the Holder, or exchange it for a new Note that reflects the changed terms. The Trustee may also place an appropriate notation on any Note thereafter authenticated. However, the effectiveness of the amendment, supplement or waiver is not affected by any failure to annotate or exchange Notes in this fashion.

Section 10.04 Trustee's, Collateral; Agents' and Other Agents' Rights and Obligations.

Each of the Trustee, the Collateral Agent's and the other Agents is entitled to receive, and will be fully protected in relying upon, an Opinion of Counsel stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article is authorized or permitted by this Indenture and that such amendment, supplement or waiver constitutes the legal, valid and binding obligations of the party or parties executing such amendment, supplement or waiver, and an Officers' Certificate stating that all conditions precedent have been complied with. If the Trustee, the Collateral Agent or the other Agents, as the case may be, has received such an Opinion of Counsel, it shall sign the amendment, supplement or waiver so long as the same does not adversely affect the rights of the Trustee or the Agents, as the case may be. Each of the Trustee, the Collateral Agent and the other Agents may, but is not obligated to, execute any amendment, supplement or waiver that affects the Trustee's, the Collateral Agent's or the other Agents' own rights, duties or immunities under this Indenture.

ARTICLE 11 COLLATERAL AND LIENS

Section 11.01 The Collateral.

(a) The Issuer hereby appoints Madison Pacific Trust Limited to act as Collateral Agent in accordance with the terms hereof, and each Holder by its acceptance of any Notes and the Note Guarantees, irrevocably consents and agrees to such appointment. Notwithstanding anything to the contrary contained herein, the Collateral Agent shall have the privileges, powers and immunities set forth in this Indenture and the Security Documents. The Collateral Agent is a party hereto solely for the purposes of accepting and acknowledging such appointment and receiving the benefit of the exclusions of liability and acknowledgements in its favor contained herein and has no other rights or duties hereunder. The due and punctual payment of the principal of, premium, if any, and interest on the Notes and the Note Guarantees when and as the same shall be due and payable, whether on an Interest Payment Date, at maturity, by

acceleration, repurchase, redemption or otherwise, interest on the overdue principal of and overdue interest, if any, on the Notes and the Notes Guarantees thereof and performance of all other obligations of any Group member under this Indenture, the Notes, the Note Guarantees and the Security Documents to which it is a party, shall be secured by valid and enforceable perfected Liens in and on all the Collateral with the priority set forth in the Security Documents, in favor of the Collateral Agent for the benefit of the Collateral Agent, the Trustee and the Holders of the Notes, superior to and prior to the rights of all third persons and subject to no other Liens, in each case, to the extent required by the Security Documents.

(b) Each Holder, by its acceptance thereof, consents and agrees to the terms of the Security Documents (including, without limitation, the provisions providing for foreclosure and release of the Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and directs the Trustee and the Collateral Agent to perform their respective obligations and exercise their respective rights thereunder in accordance therewith.

(c) The Trustee and each Holder, by accepting the Notes and the Note Guarantees, as applicable, acknowledges that the Collateral shall be held for the benefit of the Collateral Agent, the Trustee and the Holders of the Notes under the Security Documents, and that the Lien to be created by and actions that may be taken under the Security Documents will be subject to and qualified and limited in all respects by the Security Documents.

(d) Notwithstanding (i) anything to the contrary contained in this Indenture, the Security Documents, the Notes or any other instrument governing, evidencing or relating to any Indebtedness, (ii) the time, order or method of attachment of any Liens, (iii) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral, (iv) the time of taking possession or control over any Collateral, or (v) the rules for determining priority under the Uniform Commercial Code or any other law of any relevant jurisdiction governing relative priorities of secured creditors, the Issuer undertakes, and the Parent Guarantor will procure, that:

(i) the Liens granted pursuant to the Security Documents will rank at least equally and ratably with all other valid, enforceable and perfected Liens, whenever granted upon any present or future Collateral, but only to the extent such other Liens are permitted under this Indenture to exist and to rank equally and ratably with the Notes and the Note Guarantees, as applicable; and

(ii) all proceeds of the Collateral applied under the Security Documents shall be allocated and distributed to the Trustee as set forth in Section 6.11.

Section 11.02 Authorization of Actions to be Taken by the Collateral Agent Under the Security Documents.

(a) Subject to the provisions of the Security Documents, the Collateral Agent shall be the representative on behalf of the Holders and shall, except as otherwise provided herein, act upon the written direction of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes with regard to all voting, consent and other rights granted to it as the representative of the Holders under the Security Documents.

(b) Subject to the terms of the Security Documents, (i) Holders of 25% or more in aggregate principal amount of the outstanding Notes or the Trustee, upon the written instructions of Holders of 25% or more in aggregate principal amount of the outstanding Notes, may instruct the Collateral Agent to enforce any of the rights of the Trustee or the Holders of the Notes under the Security Documents and (ii) the Trustee, upon written instructions of Holders of 25% or more in aggregate principal amount of the outstanding Notes, may take all actions it deems necessary or appropriate in order to receive any and all

amounts payable from the Collateral in respect of the obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors, as applicable, hereunder.

(c) Subject to the terms of the Security Documents and Section 7.02(d), the Collateral Agent shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings to preserve or protect its interest and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or the Trustee).

(d) The Collateral Agent is hereby irrevocably authorized by each Holder to effect any release of Liens or Collateral contemplated by Section 11.04 hereof and in accordance with the terms of the Security Documents. The Trustee and the Collateral Agent shall not be deemed to have knowledge of any acts that may be unlawful or in violation of the Security Documents or this Indenture unless and until it obtains written notice of such unlawful acts or violation describing the circumstances of such, and identifying the circumstances constituting such unlawful acts or violation.

Section 11.03 Authorization of Receipt of Funds Under the Security Documents.

The Trustee and the Collateral Agent are authorized to receive and distribute any funds for the benefit of the Holders of the Notes under the Security Documents, and to make further distributions of such funds to the Holders of the Notes according to the provisions of this Indenture and the Security Documents.

Section 11.04 Release of Security.

(a) The security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- (i) upon repayment in full of the Notes; and
- (ii) upon a defeasance and discharge of the Notes as provided under Section 9.01.

In addition, the Collateral may be released upon the disposition of such Collateral where 100% of the net proceeds of such disposition are used to repay, repurchase or redeem the Notes in full in accordance with Section 11.04(b)(b)(iii) hereof and the disposition is otherwise made in accordance with Section 11.04.

(b) Upon written request of the Issuer or the Parent Guarantor in connection with any disposition of the Collateral, the Trustee and/or the Collateral Agent shall (without notice to, or vote or consent of, any Holder) take such actions as shall be required to release its security interest in the Collateral being disposed of in such disposition, to the extent necessary to permit consummation of such disposition in accordance with this Indenture and the Security Documents, and the Trustee and the Collateral Agent shall receive full payment from the Issuer and the Parent Guarantor for any fees and costs incurred thereby; *provided that*:

- (i) the Issuer or the Parent Guarantor shall deliver to the Trustee and the Collateral Agent an Officers' Certificate certifying and an Opinion of Counsel stating that the release of such security interest is permitted under the terms of this Indenture (including, but not limited to, Section 11.04) and the conditions precedent to any such release have been fulfilled;

(ii) the Issuer shall procure that the Net Cash Proceeds of any disposition of Collateral are paid directly to the Trustee or the Collateral Agent, to be held in trust pending application in accordance with this Section 11.04; and

(iii) the Trustee's and the Collateral Agent's security interest in the Collateral shall only be so released if the Issuer or the Parent Guarantor uses the proceeds of such disposition to (i) make an Offer to Purchase the Notes at a purchase price below par to all Holders of the Notes on an arm's-length basis, to be completed within 30 days of the date on which such offer is announced and subject to such other conditions as determined by the Issuer in its sole discretion, or (ii) redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date, in accordance with Article 3 (*Redemption*) hereof.

ARTICLE 12 PARENT GUARANTEE

Section 12.01 Parent Guarantee.

Subject to the provisions of this Article 12, the Parent Guarantor hereby Guarantees as principal obligor to each Holder authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and this Indenture.

Section 12.02 Guarantee Unconditional.

The obligations of the Parent Guarantor hereunder are unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under this Indenture or any Note, by operation of law or otherwise;
- (b) any modification or amendment of or supplement to this Indenture or any Note;
- (c) any change in the corporate existence, structure or ownership of the Issuer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or its assets or any resulting release or discharge of any obligation of the Issuer contained in this Indenture or any Note;
- (d) the existence of any claim, set-off or other rights which the Parent Guarantor may have at any time against the Issuer, the Trustee or any other Person, whether in connection with this Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;
- (e) any invalidity, irregularity, or unenforceability relating to or against the Issuer for any reason of this Indenture or any Note; or
- (f) any other act or omission to act or delay of any kind by the Issuer, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent Guarantor's obligations hereunder.

Section 12.03 Discharge; Reinstatement.

The Parent Guarantor's obligations hereunder shall remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Issuer under this Indenture have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Issuer under this Indenture is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, the Parent Guarantor's obligations hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time. All payments under the Parent Guarantee shall be made in U.S. dollars.

Section 12.04 Waiver by the Parent Guarantor.

The Parent Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Issuer or any other Person. In particular, the Parent Guarantor irrevocably waives its right to require the Trustee to pursue or exhaust the Trustee's legal or equitable remedies against the Issuer prior to exercising the Trustee's rights under the Parent Guarantee.

Section 12.05 Subrogation and Contribution.

Upon making any payment with respect to any obligation of the Issuer under this Article, the Parent Guarantor will be subrogated to the rights of the payee against the Issuer with respect to such obligation; *provided* that the Parent Guarantor may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from the Issuer, with respect to such payment so long as any amount payable by the Issuer hereunder or under the Notes remains unpaid.

Section 12.06 Stay of Acceleration.

If acceleration of the time for payment of any amount payable by the Issuer under this Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Issuer, all such amounts otherwise subject to acceleration under the terms of this Indenture are nonetheless payable by the Parent Guarantor hereunder forthwith on demand by the Trustee or the Holders.

Section 12.07 Ranking of Parent Guarantee.

The Parent Guarantee is:

- (i) a general obligation of the Parent Guarantor;
- (ii) senior in right of payment to any existing and future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- (iii) at least *pari passu* with all other unsecured, unsubordinated obligations of the Parent Guarantor (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law);
- (iv) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (defined below); and
- (v) effectively subordinated to all existing and future secured obligations of the Parent Guarantor, to the extent of the value of the assets securing such obligations.

Section 12.08 Execution and Delivery of the Parent Guarantees.

The execution by the Parent Guarantor of this Indenture evidences the Parent Guarantee, whether or not the person signing as an officer of the Parent Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Registrar after authentication constitutes due delivery of the Parent Guarantee set forth in this Indenture on behalf of the Parent Guarantor.

Section 12.09 Release of the Parent Guarantee.

(a) The Parent Guarantee shall be released:

- (i) upon repayment in full of the Notes; and
- (ii) upon a defeasance as provided in Section 9.01.

(b) No release and discharge of the Parent Guarantee will be effective against the Trustee, any Agent or the Holders of Notes (i) if a Default or Event of Default shall have occurred and be continuing under this Indenture as of the time of such proposed release and discharge until such time as such Default or Event of Default is cured or waived and (ii) until the Issuer or the Parent Guarantor shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to such release and discharge have been complied with and that such release and discharge is authorized and permitted under this Indenture. At the request of the Issuer or the Parent Guarantor, the Trustee will execute and deliver an instrument evidencing such release and discharge and do all such other acts and things necessary to release the Parent Guarantor's obligations hereunder.

ARTICLE 13 SUBSIDIARY GUARANTEES

Section 13.01 The Subsidiary Guarantees.

Subject to the provisions of this Article 13, each of the Subsidiary Guarantors (added pursuant to a supplemental indenture) hereby, jointly and severally, Guarantees as principal obligor to each Holder authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and this Indenture.

Section 13.02 Guarantee Unconditional.

The obligations of each Subsidiary Guarantor hereunder are unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under this Indenture or any Note, by operation of law or otherwise;
- (b) any modification or amendment of or supplement to this Indenture or any Note;
- (c) any change in the corporate existence, structure or ownership of the Issuer or the Parent Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or the Parent Guarantor or the assets of the Issuer or the Parent Guarantor or any resulting release or

discharge of any obligation of the Issuer or the Parent Guarantor contained in this Indenture or any Note or the Parent Guarantee;

(d) the existence of any claim, set-off or other rights which such Subsidiary Guarantor may have at any time against the Issuer, the Trustee or any other Person, whether in connection with this Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

(e) any invalidity, irregularity, or unenforceability relating to or against the Issuer or the Parent Guarantor for any reason of this Indenture or any Note or the Parent Guarantee; or

(f) any other act or omission to act or delay of any kind by the Issuer, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor's obligations hereunder.

Section 13.03 Discharge; Reinstatement.

Each Subsidiary Guarantor's obligations hereunder shall remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Issuer under this Indenture have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Issuer under this Indenture is rescinded or must otherwise be repaid or restored or returned upon the insolvency, bankruptcy or reorganization of the Issuer or the Parent Guarantor or otherwise, each Subsidiary Guarantor's obligations hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time. All payments under the Subsidiary Guarantees will be made in U.S. dollars.

Section 13.04 Waiver by Each Subsidiary Guarantor.

Each Subsidiary Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Issuer, the Parent Guarantor or any other Person. In particular, each of the Subsidiary Guarantors irrevocably waives its right to require the Trustee to pursue or exhaust the Trustee's legal or equitable remedies against the Issuer and the Parent Guarantor prior to exercising the Trustee's rights under the Subsidiary Guarantee.

Section 13.05 Subrogation and Contribution.

Upon making any payment with respect to any obligation of the Issuer under this Article, the Subsidiary Guarantor making such payment will be subrogated to the rights of the payee against the Issuer with respect to such obligation; *provided* that such Subsidiary Guarantor may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from the Issuer or any other Subsidiary Guarantor, with respect to such payment so long as any amount payable by the Issuer hereunder or under the Notes remains unpaid.

Section 13.06 Stay of Acceleration.

If acceleration of the time for payment of any amount payable by the Issuer under this Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Issuer, all such amounts otherwise subject to acceleration under the terms of this Indenture are nonetheless payable by the Subsidiary Guarantors (if any) hereunder forthwith on demand by the Trustee or the Holders.

Section 13.07 Limitation on Amount of Subsidiary Guarantee.

(a) Notwithstanding anything to the contrary in this Article, each of the Subsidiary Guarantors, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Subsidiary Guarantor not constitute a bankruptcy, insolvency, fraudulent conveyance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable law of any other jurisdiction. To effectuate that intention, the Trustee, the Holders and the Subsidiary Guarantors hereby irrevocably agree that the obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are limited in 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.

(b) If a Restricted Subsidiary is prohibited or restricted under laws generally applicable to persons of the same legal form as it from becoming a Subsidiary Guarantor, but such prohibition or restriction could be avoided by the inclusion of limitations in the Subsidiary Guarantee to be given by it, such Restricted Subsidiary shall become a Subsidiary Guarantor provided that its Subsidiary Guarantee shall incorporate and shall be given subject to such limitations.

(c) If, as a result of a change in law taking effect after the date on which a Restricted Subsidiary became a Subsidiary Guarantor, the guarantee of such Subsidiary Guarantor became prohibited or restricted under laws generally applicable to persons of the same legal form as it from continuing to be a Subsidiary Guarantor, but such prohibition or restriction could be avoided by the inclusion of limitations in the Subsidiary Guarantee given by it, the Subsidiary Guarantee of such Subsidiary Guarantor shall be deemed to incorporate the applicable limitations as of the date such change in law comes into effect, and the Parent Guarantor shall procure that the Subsidiary Guarantee of such Subsidiary Guarantor is amended within 30 days of the Parent Guarantor becoming aware of any such prohibition or restriction to reflect such limitations. In the circumstances described above in this Section 13.07, the limitations applicable to such Subsidiary Guarantee shall be the minimum limitations required under relevant laws in order that the prohibition or restriction be avoided.

Section 13.08 Ranking of Subsidiary Guarantee.

The Subsidiary Guarantee of each Subsidiary Guarantor will be:

- (i) a general obligation of such Subsidiary Guarantor;
- (ii) senior in right of payment to any existing and future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- (iii) at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- (iv) effectively subordinated to all existing and future obligations of any Subsidiary that is not party to a Note Guarantee (each, a “**Non-Guarantor Subsidiary**”); and
- (v) effectively subordinated to all secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets securing such obligations.

Section 13.09 [RESERVED]

Section 13.10 Execution and Delivery of Subsidiary Guarantee.

The execution by each Subsidiary Guarantor (if any) of this Indenture (by each Subsidiary Guarantor of a supplemental indenture substantially in the form of EXHIBIT G) evidences the Subsidiary Guarantee of such Subsidiary Guarantor, whether or not the person signing as an officer of the Subsidiary Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Trustee after authentication constitutes due delivery of the Subsidiary Guarantee set forth in this Indenture on behalf of each Subsidiary Guarantor. The execution and delivery by the first Subsidiary Guarantor of a supplemental indenture substantially in the form of EXHIBIT G shall be deemed to have amended any Note issued hereunder prior to such execution and delivery to include all references to the “Subsidiary Guarantor” as set forth in EXHIBIT A and EXHIBIT D. All Notes to be issued thereafter shall expressly include such references.

Section 13.11 Release of the Subsidiary Guarantees.

- (a) A Subsidiary Guarantee given by a Subsidiary Guarantor shall be released,
 - (i) upon repayment in full of the Notes;
 - (ii) upon a defeasance as provided in Section 9.01;
 - (iii) upon the designation by the Parent Guarantor of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of this Indenture;
 - (iv) upon the sale, disposition or merger of such Subsidiary Guarantor in compliance with the terms of this Indenture (including Section 4.08, Section 4.12 and Section 5.01) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (A) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Parent Guarantor’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (B) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by this Indenture;
 - (v) upon such Subsidiary Guarantor becoming an Exempted Subsidiary or a Listed and HoldCo Subsidiary; or
 - (vi) as described under Article 10.
- (b) No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Issuer 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 this Indenture.

**ARTICLE 14
[RESERVED]**

**ARTICLE 15
MISCELLANEOUS**

Section 15.01 Ranking.

The Notes are (a) general obligations of the Issuer, (b) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (c) at least

pari passu in right of payment with all other unsecured, unsubordinated obligations of the Issuer (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law); (d) guaranteed by the Parent Guarantor and the Subsidiary Guarantors, if any, on a senior basis, subject to the limitations set forth in Article 12 and Article 13; (e) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, (f) effectively subordinated to all existing and future secured obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any)(the “**Existing and Future Secured Obligations**”), to the extent of the value of the assets securing such obligations (except with respect to the assets securing the Notes as explicitly provided herein), and (g) senior to the Existing and Future Secured Obligations to the extent of the value of the assets securing the Notes.

Section 15.02 Open Market Purchases.

The Issuer, the Parent Guarantor or any Subsidiary Guarantor may purchase Notes in the open market or by tender or by any other means at any price, so long as such acquisition does not otherwise violate the terms of this Indenture; *provided* that all Notes repurchased by the Issuer or any Group members or its or their Affiliates or on behalf of, or for the benefit of, any of the Issuer or any Group members or its or their Affiliates may not be reissued or resold and must be promptly cancelled. Any Notes repurchased pursuant to this Section 15.02 shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

Section 15.03 Notices.

(a) All notices or demands required or permitted by the terms of the Notes or this 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, first-class or registered mail, facsimile or electronically (in “.pdf” or other format), if intended for the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any) at the principal office of the Parent Guarantor at Handian Industrial Park, Zouping, Shandong, 256209, PRC (Attention: Cheng Qiang, email: chengq16263@126.com), or if intended for the Trustee, addressed to the Trustee, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (Attention: Cassandra Ho, facsimile: +852 2599 9501, email: trustee@madisonpac.com); and, if intended for any Holder, addressed to such Holder at such Holder’s last address as it appears in the Register or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures. Copies of any notice or communication to a Holder, if given by the Issuer, will be mailed to the Trustee at the same time. Defect in mailing a notice or communication to any particular Holder will not affect its sufficiency with respect to other Holders.

(b) So long as the Notes are represented by the Global Note and the Global Note is held on behalf of Euroclear and/or Clearstream, notices to Holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream for communication by it to entitled Participants in substitution for notification as required under the Notes.

(c) 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 the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

(d) Where this Indenture provides for notice, the notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and the waiver will be the equivalent of the notice. Waivers of notice by Holders must be filed with the Trustee, but such filing is not a condition

precedent to the validity of any action taken in reliance upon such waivers.

(e) In no event shall the Trustee be liable for any losses arising from the Trustee receiving or transmitting any data to the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any) (or any Authorised Person) or acting upon any notice, instruction or other communications via any Electronic Means. The Trustee has no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorized to give instructions or directions on behalf of the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any) (or any Authorised Person). The Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any) agree that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

“Electronic Means” shall mean the following communications methods: (i) non-secure methods of transmission or communication such as e-mail and facsimile transmission and (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Section 15.04 Certificate and Opinion as to Conditions Precedent.

(a) Upon any request or application by the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any) for the Trustee to take any action under this Indenture, the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any), as the case may be, will furnish to the Trustee at the Trustee’s request:

(i) an Officers’ Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with;

(ii) an Opinion of Counsel stating that all such conditions precedent have been complied with; and

(iii) an incumbency certificate giving the names and specimen signatures of Authorized Officers for any such Authorized Officers who have not previously provided specimen signatures to the Trustee.

(b) In any case where several matters are required to be certified by, or covered by an Opinion of Counsel of, any specified Person, it is not necessary that all such matters be certified by, or covered by the Opinion of Counsel of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an Opinion of Counsel with respect to some matters and one or more such Persons as to other matters, and any such Person may certify or give an Opinion of Counsel as to such matters in one or several documents.

(c) Any certificate of an Officer of the Issuer, the Parent Guarantors or the Subsidiary Guarantors (if any) may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which his certificate is based are erroneous. Any Opinion of Counsel may be based, and may state that it is so based, insofar as it relates to factual matters, upon a certificate of, or representations by, an officer or officers of the Issuer, the Parent Guarantor or a Subsidiary Guarantor stating that the information with respect to such factual matters is in the possession of the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or representations with respect to such matters are erroneous.

(d) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 15.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(a) a statement that each person signing the certificate or opinion has read the covenant or condition and the related definitions;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in the certificate or opinion is based;

(c) a statement that, in the opinion of each such person, that person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with, *provided* that an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials with respect to matters of fact.

Section 15.06 Payment Date Other Than a Business Day.

In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes is not a Business Day in the relevant place of payment, then payment of such principal, premium (if any) 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 interest on the Notes shall accrue for the period after such date. Holders shall not be entitled to any interest or other payment if the Holder is late in surrendering its certificate or Note (as applicable, if required to do so) or if a payment timely mailed arrives after the due date for payment.

Section 15.07 Governing Law, Consent to Jurisdiction; Waiver of Immunities.

(a) Each of the Notes, the Note Guarantees and this Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby irrevocably submit to the non-exclusive personal jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan in The City of New York, the United States (each a "**New York Court**") in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Parent Guarantee, any Subsidiary Guarantee (if any), this Indenture or any transaction contemplated thereby. Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, trial by jury and any objection which it may now or hereafter have to the venue of any such suit, action or proceeding brought in any such New York Court and any claim that any such suit, action or proceeding brought in any such New York Court has been brought in an inconvenient forum. To the extent that any of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), as the case may be, has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, the Issuer, the Parent

Guarantor and such Subsidiary Guarantor, as the case may be, irrevocably waives such immunity in respect of its obligations hereunder or under any Note, the Parent Guarantee or any Subsidiary Guarantee, as applicable. The Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) agree that final judgment in any such suit, action or proceeding, brought in such a court shall be conclusive and binding upon the Issuer, the Parent Guarantor and the Subsidiary Guarantors, as the case may be, and, to the extent permitted by applicable law, may be enforced in any court to the jurisdiction of which the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any), as the case may be, is subject by a suit upon such judgment or in any manner provided by law, *provided* that service of process is effected upon the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any), as the case may be, in the manner specified in the following subsection or as otherwise permitted by applicable law.

(c) As long as any of the Notes remain outstanding, the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) will at all times have an authorized agent in the City of New York, upon whom process may be served in any legal action or proceeding arising out of or relating to this Indenture, any Note, the Parent Guarantee or any Subsidiary Guarantee. Service of process upon such agent and written notice of such service mailed or delivered to the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any), as the case may be, shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, in any such legal action or proceeding. Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby appoints Law Debenture Corporate Services Inc. as its agent for such purpose, and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at 801 2nd Avenue, Suite 403 New York, NY 10017. Notwithstanding the foregoing, the Issuer, the Parent Guarantor or any Subsidiary Guarantor may, with prior written notice to the Trustee, terminate the appointment of such agent and appoint another agent for the above purposes so that the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) shall at all times have an agent for the above purposes in the City of New York. The Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby agree to take any and all action as may be necessary to maintain the designation and appointment of an agent in full force and effect for so long as any of the Notes remain outstanding.

(d) Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby irrevocably waive, to the fullest extent permitted by applicable law, any requirement or other provision of law, rule, regulation or practice which requires or otherwise establishes as a condition to the institution, prosecution or completion of any suit, action or proceeding (including appeals) arising out of or relating to this Indenture or any Note, the Parent Guarantee or any Subsidiary Guarantee, the posting of any bond or the furnishing, directly or indirectly, of any other security.

Section 15.08 No Adverse Interpretation of Other Agreements.

Except for the interpretation of any supplemental indenture to this Indenture and the Notes, this Indenture may not be used to interpret another indenture or loan or debt agreement of the Issuer, the Parent Guarantor, the Subsidiary Guarantors (if any) or any Subsidiary of the Issuer, the Parent Guarantor or the Subsidiary Guarantors (if any), and no such indenture or loan or debt agreement may be used to interpret this Indenture. In addition, no other agreement or document may be used to interpret this Indenture with regard to any rights, duties or obligations of the Trustee created hereunder.

Section 15.09 Successors.

All agreements of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) in this Indenture, the Notes, the Parent Guarantee and the Subsidiary Guarantees (if any) will bind its successors. All agreements of the Trustee in this Indenture will bind its successor.

Section 15.10 Duplicate Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 15.11 Separability.

In case any provision in this Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees (if any) is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 15.12 Table of Contents and Headings.

The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and in no way modify or restrict any of the terms and provisions of this Indenture.

Section 15.13 No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees.

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer, the Parent Guarantor or any Subsidiary Guarantor in this Indenture, or in any of the Notes, the Parent Guarantee or the 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 Issuer, the Parent Guarantor or any 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 Parent Guarantee and the Subsidiary Guarantees.

Section 15.14 Force Majeure.

Neither the Trustee nor any Agent shall be responsible for any loss or damage, or failure to comply or delay in complying with any duty or obligation, under or pursuant to this Indenture arising as a direct or indirect result of any Force Majeure Event or any event where, in the reasonable opinion of the Trustee or any Agent (as the case may be), performance of any duty or obligation under or pursuant to this Indenture would or may be illegal or would result in the Trustee or any Agent being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organization to which the Trustee or any Agent is subject.

Section 15.15 Trustee Actions.

Notwithstanding anything else herein contained, the Trustee may refrain without liability from doing anything that would or might in its opinion be contrary to any law of any state or jurisdiction (including, but not limited to, the law of the United States of America or any jurisdiction forming a part of it, the British Virgin Islands, the PRC and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

[Signature pages follow]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

Knight Castle Investments Limited
爵堡投資有限公司,
as Issuer

By: _____
Name:
Title:

Shandong Sanxing Group Company Ltd.
(山东三星集团有限公司), as Parent Guarantor

By: _____
Name:
Title:

Madison Pacific Trust Limited,
as Trustee

By: _____
Name:
Title:

EXHIBIT A
FORM OF CERTIFICATED NOTE

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投資有限公司

THIS NOTE, THE PARENT GUARANTEE AND THE SUBSIDIARY GUARANTEES (IF ANY) RELATED TO THIS NOTE (COLLECTIVELY, THE “**SECURITY**”) HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL

TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRANSFER AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

No. _____

US\$[●]

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投资有限公司

4.00% GUARANTEED SENIOR NOTES DUE 2029

Certificated Note

Unconditionally Guaranteed by

SHANDONG SANXING GROUP COMPANY LTD.

(山东三星集团有限公司)

Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated with limited liability under the laws of the British Virgin Islands (the “**Issuer**”), for value received, hereby promises to pay to _____ or registered assigns, upon surrender hereof, the principal sum of up to _____ U.S. DOLLARS (US\$_____) as set forth on the books and records of the Trustee, on [●], 2029, or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Interest Rate: 4.00% *per annum*.

Interest Payment Dates: 30 January and 30 July of each year, commencing [●], 2024.

Interest Record Dates: 15 January and 15 July of each year.

The Notes are issuable in denominations of US\$10,000 and any amount in excess thereof which is an integral multiple of US\$1,000.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Registrar acting under the Indenture.

[Signature pages follow]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Date: _____

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司
(as Issuer)

By:

Name:

Title:

Certificate of Authentication

This is one of the 4.00% Guaranteed Senior Notes Due 2029 described in the Indenture referred to in this Note.

CITIBANK EUROPE PLC
(as Registrar)

By:

Name:

Title:

PARENT GUARANTEE

The undersigned (the “**Parent Guarantor**”) hereby guarantees as principal obligor to each Holder authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of the Parent Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Issuer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or its assets or any resulting release or discharge of any obligation of the Issuer contained in the Indenture or any Note; (4) the existence of any claim, set off or other rights which the Parent Guarantor may have at any time against the Issuer, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Issuer for any reason of the Indenture or any Note; or (6) any other act or omission to act or delay of any kind by the Issuer, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent Guarantor’s obligations hereunder.

This Parent Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of the Parent Guarantor, or as otherwise contemplated in the Indenture. In case of the failure of the Issuer punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, the Parent Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

Subject to certain exceptions as set forth in the Indenture, the Parent Guarantor hereby further agrees that all payments of principal of, and premium (if any) and interest under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within the Relevant Jurisdictions (as defined in the Indenture), 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 Parent Guarantor or a Surviving Person, as the case may be, severally agrees to pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by such Holders had no such withholding or deduction been required.

The obligations of the Parent Guarantor to each Holder and to the Trustee pursuant to this Parent Guarantee and the Indenture are expressly set forth in Article 12 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Parent Guarantee.

[Signature pages follow]

SHANDONG SANXING GROUP COMPANY LTD.
(山东三星集团有限公司)
(as Parent Guarantor)

By:

Name:

Title:

FORM OF REVERSE OF CERTIFICATED NOTE

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投资有限公司

4.00% Guaranteed Senior Secured Due 2029

1. Principal and Interest.

The Issuer promises to pay the principal of this Note on [●], 2029.

The Issuer promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rate of 4.00% *per annum*.

Interest will be payable in arrears on each Interest Payment Date (to the Holders of record of the Notes at the close of business on the Interest Record Date immediately preceding such Interest Payment Date).

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such interest payment date) or, if no interest has been paid, from the Original Issue Date. Interest on overdue principal and interest, if any, will accrue at a rate of 6% higher *per annum*. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date, which will be the 15th day preceding the date fixed by the Issuer for the payment of such interest or such other date as defined by the procedures of Euroclear and Clearstream, whether or not such day is a Business Day. If such default in interest continues for 30 days, the Issuer will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before a special record date, the Issuer will send to each Holder and to the Trustee a notice that sets forth the special record date, the payment date and the amount of interest to be paid.

The Notes will be payable as to principal, premium, if any, and interest, at the office or agency of the Paying Agent and Registrar or, at the option of the Issuer, payment of interest, due on an Interest Payment Date may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium, if any, on, and interest on, all Global Notes and, with respect to interest, due on an Interest Payment Date, all other Notes the Holders of which will have provided wire transfer instructions to the Paying Agent at least fifteen (15) Business Days prior to the Interest Payment Date. Such payments will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

In any case in which the date of the payment of principal of or premium (if any) or interest on the Notes shall not be a Business Day in the relevant place of payment, then payment of such principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. 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 interest on the Notes shall accrue for the period after such date.

2. Indenture; the Parent Guarantee; the Subsidiary Guarantees; the Collateral.

This is one of the Notes issued under an Indenture, dated as of [●] (as amended from time to time, the “**Indenture**”), among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor, and Madison Pacific Trust Limited, as the Trustee (the “**Trustee**”) and the Collateral Agent. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Issuer. This Note is guaranteed and secured by the Collateral as set forth in the Indenture.

The Indenture limits, among other things, the ability of the Parent Guarantor and the Restricted Subsidiaries to incur or guarantee additional Indebtedness and issue disqualified stock, declare dividends on its Capital Stock or purchase or redeem Capital Stock, make investments or other specified Restricted Payments, issue or sell Capital Stock of Restricted Subsidiaries, guarantee Indebtedness, sell assets, create liens, enter into certain 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 equity holders or affiliates or effect a consolidation or merger.

3. Optional Redemption.

At any time prior to the maturity date of the Notes, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100.0% of the principal amount of the Notes redeemed plus accrued and unpaid interest, if any, to (but excluding) the applicable redemption date.

The Issuer will give not less than 30 days’ nor more than 60 days’ notice of any optional redemption. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected on a *pro rata* basis and, if represented by a Global Note, in accordance with the procedures of Euroclear or Clearstream.

No Note of US\$10,000 in principal amount or less shall be redeemed in part, and only Notes in multiples of US\$1,000 in excess thereof may 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 Notes or portions of them called for redemption.

4. Redemption for Taxation Reasons.

This Note shall be redeemable at the option of the Isser in accordance with Section 3.01 (*Redemption for Taxation Reasons*) of the Indenture.

5. Optional Redemption.

This Note shall be redeemable at the option of the Isser in accordance with Section 3.02 (*Optional Redemption*) of the Indenture.

6. Mandatory Redemption.

The Issuer will be required to redeem this Note as and to the extent set forth in (and only in the circumstances described in) Section 3.03 (*Mandatory Redemption*) of the Indenture.

7. Mandatory Redemption upon a Listing Event.

The Issuer will be required to redeem this Note as and to the extent set forth in (and only in the circumstances described in) Section 3.04 (*Mandatory Redemption upon a Listing Event*) of the Indenture.

8. Offer to Purchase upon Change of Control.

The Issuer or the Parent Guarantor will be required to make a Change of Control Offer as and to the extent set forth in (and only in the circumstances described in) Section 4.11 (*Repurchase of Notes Upon a Change of Control*) of the Indenture.

9. Offer to Purchase with Excess Proceeds.

The Parent Guarantor will be required to make an Offer to Purchase as and to the extent set forth in (and only in the circumstances described in) Section 4.12 (*Limitation on Asset Sales*) of the Indenture.

10. Offer to Repurchase upon a Parent Guarantee SAFE Non-compliance Event.

The Issuer and the Parent Guarantor will be required to make a Parent Guarantee SAFE Non-compliance Offer as and to the extent set forth in (and only in the circumstances described in) Section 8.01 (*Repurchase of Notes upon a Parent Guarantee SAFE Non-compliance Event*) of the Indenture.

11. Offer to Repurchase upon an Intercompany Loan Assignment SAFE Non-compliance Event.

The Issuer and the Parent Guarantor will be required to make an Intercompany Loan Assignment SAFE Non-compliance Offer as and to the extent set forth in (and only in the circumstances described in) Section 8.02 (*Repurchase of Notes upon an Intercompany Loan Assignment SAFE Non-compliance Event*) of the Indenture.

12. Offer to Repurchase upon an NDRC Non-compliance Event.

The Issuer and the Parent Guarantor will be required to make an NDRC Non-compliance Offer as and to the extent set forth in (and only in the circumstances described in) Section 8.03 (*Repurchase of Notes upon an NDRC Non-compliance Event*) of the Indenture.

13. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of US\$10,000 and any multiple of US\$1,000 in excess thereof. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Registrar will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

14. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall, subject to receiving indemnity and/or security and/or pre-funding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. If a bankruptcy or insolvency default with respect to the Parent Guarantor or any Significant Subsidiary occurs and is continuing, 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. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

15. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, or default may be waived, with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Notes. Without notice to or the consent of any Holder, the Issuer and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the rights of any Holder.

16. Authentication.

This Note is not valid until the Registrar signs the certificate of authentication on the other side of this Note.

17. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

18. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Issuer will furnish a copy of the Indenture to any Holder upon written request and without charge.

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby transfers to

(PRINT NAME AND ADDRESS OF TRANSFEREE)

US\$_____ principal amount of this Note, and all rights with respect thereto, and irrevocably constitutes and appoints _____ as attorney to transfer this Note on the books kept for registration thereof, with full power of substitution.

Dated

Certifying Signature

Signed

Note:

(i) The signature on this transfer form must correspond to the name as it appears on the face of this Note in every particular.

(ii) A representative of the Holder of the Note should state the capacity in which he or she signs (*e.g.*, executor).

(iii) The signature of the person effecting the transfer shall conform to any list of duly authorized specimen signatures supplied by the registered holder or shall be certified by a bank which is a member of the Medallion Program or in such other manner as any Paying Agent, Transfer Agent or the Registrar may require.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Issuer pursuant to Section 4.11, Section 4.12, Section 8.01, Section 8.02 or Section 8.03 of the Indenture, check the box: ☐

If you wish to have a portion of this Note purchased by the Issuer pursuant to Section 4.11, Section 4.12, Section 8.01, Section 8.02 or Section 8.03 of the Indenture, state the amount (in original principal amount) below:

US\$_____.

Wire transfer instructions for delivery of proceeds from the purchase of the Note are as follows:

[]

Date:_____

Your Signature:_____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee¹: _____

¹ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the United States Securities Exchange Act of 1934, as amended.

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Paying Agent, Transfer Agent and Note Registrar

Citibank Europe Plc
[Address]

EXHIBIT B
FORM OF TRANSFER CERTIFICATE

[Date]

Citibank Europe Plc

[Address]

as Registrar

Re: Knight Castle Investments Limited 爵堡投资有限公司 4.00% Guaranteed Senior Notes due 2029 (the “**Notes**”)

Dear Sirs:

Reference is hereby made to the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Transferor**”) owns and proposes to transfer the Note[s] or beneficial interest in Note[s] specified in Annex A hereto, in the principal amount of US\$_____ in such Note[s] or beneficial interests (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK]

☐ The amount of the Transfer is equal to or greater than US\$10,000

The Transferor further certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the Rule 144A Global Note or a Certificated Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, accordingly, the Transferor hereby further certifies that the beneficial interest or Certificated Note is being transferred to a Person that the Transferor or any Person acting on its behalf reasonably believed and believes is purchasing the beneficial interest or Certificated Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act to whom notice has been given that the transfer is being made in reliance on Rule

144A in a transaction meeting the requirements of Rule 144A under the Securities Act and such Transfer is in compliance with all applicable securities laws of any other jurisdiction. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the legend printed on the Rule 144A Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Certificated Note pursuant to Rule 506.** The Transferor hereby certifies that the beneficial interest or the Certificated Note is being transferred to a Person that is an institutional “accredited investor” (“IAI”) within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that has provided the attached duly executed IAI Investment Letter (annexed as Annex B hereto) pursuant to an exemption from the registration requirements in the Securities Act and in compliance with all applicable securities laws of any other jurisdiction. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the legend printed on the IAI Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

3. ☐ **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Certificated Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Regulation S under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and such Transferor or any person acting on its behalf does not know that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in connection with the Transfer in contravention of the requirements of Rule 903(a)(2) or Rule 904(a)(2) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and (iv) such Transfer is in compliance with all applicable securities laws of any other jurisdiction. If the Transferee is a person in a member state of the European Economic Area which has implemented the Prospectus Directive, the Transferor further certifies that it reasonably believes such person to be a “qualified investor” within the meaning of the law in the relevant member state implementing article 2(1)(e) of the Prospectus Directive. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the legend printed on the Regulation S Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

4. ☐ **Check and complete if Transferee will take delivery of a beneficial interest in a Global Note or a Certificated Note pursuant to any other exemption provision of the Securities Act.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Global Notes and Certificated Notes and pursuant to and in accordance with the Securities Act and all applicable securities laws of any other jurisdiction.

You, the Issuer, the Parent Guarantor and the Subsidiary Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,
[Name of Transferor]

By: _____
Authorized Signature

ANNEX A TO TRANSFER CERTIFICATE

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE]

(a) a beneficial interest in the:

- (i) ☐ Rule 144A Global Note (XS[●]/[●]); or
- (ii) ☐ IAI Global Note (XS[●]/[●]); or
- (iii) ☐ Regulation S Global Note (XS[●]/[●]); or

(b) ☐ a Certificated Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) a beneficial interest in the:

- (i) ☐ Rule 144A Global Note (XS[●]/[●]); or
- (ii) ☐ IAI Global Note (XS[●]/[●]); or
- (iii) ☐ Regulation S Global Note (XS[●]/[●]); or

(b) ☐ a Certificated Note,

in accordance with the terms of the Indenture.

**ANNEX B TO TRANSFER CERTIFICATE
FORM OF IAI INVESTMENT LETTER**

[Date]

To: Knight Castle Investments Limited 爵堡投资有限公司 (as the Issuer)

Citibank Europe Plc (as the Registrar)

Dear Sirs or Madams,

Reference is hereby made to the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture. In connection with our proposed purchase of *[insert Specified Currency and nominal amount of Notes]* aggregate nominal amount of Notes, we represent and warrant as follows:

1. We have received such information as we deem necessary in order to make our investment decision.
2. We understand that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Indenture and the Notes and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the United States Securities Act of 1933, as amended (the “**Securities Act**”).
3. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, not to offer, sell or otherwise transfer such Notes except (A) to the Issuer or one of its subsidiaries, (B) pursuant to a registration statement which has been declared effective under the Securities Act, (C) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act (“**Rule 144A**”), to a person we reasonably believe is a “qualified institutional buyer” as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (D) to an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that, before such transfer, furnishes to the Issuer a signed letter, substantially identical to this letter, containing certain representations and agreements relating to the transfer of the Notes, (E) outside the United States in compliance with Regulation S of the Securities Act, or (F) pursuant to any other available exemption from the registration requirements of the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. We understand that, on any proposed resale of any Notes, we and each subsequent holder will be required to deliver to the transferee of the Notes or any interest or participation therein a notice substantially to the foregoing effect.
4. We understand that, on any proposed resale of any Notes, we will be required to furnish to the Issuer such certifications, legal opinions, and other information (including a letter substantially similar to this one from any purchaser who is an institutional accredited investor) as it may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand

that the Notes purchased by us will bear a legend to substantially the foregoing effect.

5. We invest or purchase securities similar to the Notes in the normal course of our business.
6. We are an institution that is an accredited investor within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we act are each able to bear the economic risk of our own or of any such accounts' investment for an indefinite period of time.
7. We are acquiring the Notes for our own account or for one or more accounts (each of which is an institutional accredited investor) as to each of which we exercise in our sole investment discretion and not with a view to any distribution of the Notes in violation of the Securities Act, subject, nevertheless, to the understanding that the disposition of our property will at all times be and remain within our control.
8. We are acquiring the Notes having at least the minimum purchase price set forth in the applicable terms under the IAI Global Note and/or Certificated Note.

[Insert name of Transferee]

By: _____

Name: _____

Title: _____

EXHIBIT C
FORM OF CERTIFICATE OF EXCHANGE

[Date]

Citibank Europe Plc

as Registrar

Re: Knight Castle Investments Limited 爵堡投资有限公司 4.00% Guaranteed Senior Notes due 2029 (the “**Notes**”)

Dear Sirs:

Reference is hereby made to the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Owner**”) owns and proposes to exchange the Note[s] or beneficial interest in Note[s] specified in Annex A hereto, in the principal amount of US\$_____ in such Note[s] or beneficial interests (the “**Exchange**”). In connection with the Exchange, the Owner hereby certifies that:

[CHECK]

1. ☐ **Check if Exchange is from beneficial interest in a Global Note for Certificated Notes.**
In connection with the Exchange of the Owner’s beneficial interest in a Global Note for Certificated Notes in an equal amount, the Owner hereby certifies that such Certificated Notes are being acquired for the Owner’s own account without transfer. The Certificated Notes issued pursuant to the Exchange will bear the Private Placement Legend and will be subject to restrictions on transfer enumerated in the Indenture and the U.S. Securities Act of 1933, as amended (the “**Securities Act**”).

2. ☐ **Check if Exchange is from Certificated Notes for beneficial interest in a Global Note.**
In connection with the Exchange of the Owner’s Certificated Notes for beneficial interest in a Global Note in an equal amount, the Owner hereby certifies that such beneficial interest in a Global Note is being acquired for the Owner’s own account without transfer. The beneficial interest transferred in exchange will be subject to restrictions on transfer enumerated in the Indenture and the Securities Act.

You, the Issuer, the Parent Guarantor and the Subsidiary Guarantors are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Very truly yours,

[Name of Transferor]

By:_____

Authorized Signature

ANNEX A TO CERTIFICATE OF EXCHANGE

1. The Owner owns and proposes to exchange the following:

[CHECK ONE]

- (a) a beneficial interest held through Euroclear/Clearstream Account No. _____ in the:
- (i) ☐ Rule 144A Global Note (XS[●]/[●]); or
 - (ii) ☐ IAI Global Note (XS[●]/[●]); or
 - (iii) ☐ Regulation S Global Note (XS[●]/[●]); or
- (b) ☐ a Certificated Note.

2. After the Exchange the Owner will hold:

[CHECK ONE]

- (a) a beneficial interest held through Euroclear/Clearstream Account No. _____ in the:
- (i) ☐ Rule 144A Global Note (XS[●]/[●]); or
 - (ii) ☐ IAI Global Note (XS[●]/[●]); or
 - (iii) ☐ Regulation S Global Note (XS[●]/[●]); or
- (b) ☐ a Certificated Note,

in accordance with the terms of the Indenture.

EXHIBIT D
FORM OF GLOBAL NOTE

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司

4.00% GUARANTEED SENIOR NOTES DUE 2029

THIS NOTE, THE PARENT GUARANTEE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE “**SECURITIES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NONE OF THE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL

TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRANSFER AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF [NAME OF COMMON DEPOSITARY], AS COMMON DEPOSITARY ("**COMMON DEPOSITARY**") FOR EUROCLEAR BANK SA/NV ("**EUROCLEAR**") OR CLEARSTREAM BANKING S.A. ("**CLEARSTREAM**") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

No. [●]

ISIN Number: XS[●]

Common Code: [●]

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投资有限公司

GLOBAL NOTE

US\$[●]

4.00% GUARANTEED SENIOR NOTES DUE 2029

Global Note

Unconditionally Guaranteed by
SHANDONG SANXING GROUP COMPANY LTD.
(山东三星集团有限公司)

Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated with limited liability under the laws of the British Virgin Islands (the “**Issuer**”), for value received, hereby promises to pay to Citibank Europe Plc as nominee of the common depositary, or registered assigns for Euroclear Bank SA/NV and Clearstream Banking S.A., upon surrender hereof the principal sum of [●] U.S. DOLLARS (US\$[●]) (or such other amount as set forth in the Schedule of Changes of the Notes attached hereto) on [●], 2029, or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Interest Rate: 4.00% *per annum*.

Interest Payment Dates: 30 January and 30 July of each year, commencing [●], 2024.

Interest Record Dates: One Clearing System Business Day immediately preceding the Interest Payment Date.

The Notes are issuable in denominations of US\$10,000 and any amount in excess thereof which is an integral multiple of US\$1,000.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Registrar acting under the Indenture.

[Signature pages follow]

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

Date: [●]

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司
(as Issuer)

By:

Name:

Title:

[Global Note]

CERTIFICATE OF AUTHENTICATION

This is one of the 4.00% Guaranteed Senior Notes Due 2029 described in the Indenture referred to in this Note.

CITIBANK EUROPE PLC
(as Registrar)

By:

Name:

Title:

[Global Note – Certificate of Authentication]

PARENT GUARANTEE

The undersigned (the “**Parent Guarantor**”) hereby guarantees as principal obligor to each Holder authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of the Parent Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Issuer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or its assets or any resulting release or discharge of any obligation of the Issuer contained in the Indenture or any Note; (4) the existence of any claim, set off or other rights which the Parent Guarantor may have at any time against the Issuer, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Issuer for any reason of the Indenture or any Note; or (6) any other act or omission to act or delay of any kind by the Issuer, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent Guarantor’s obligations hereunder.

This Parent Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of the Parent Guarantor, or as otherwise contemplated in the Indenture. In case of the failure of the Issuer punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, the Parent Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

Subject to certain exceptions as set forth in the Indenture, the Parent Guarantor hereby further agrees that all payments of principal of, and premium (if any) and interest under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within the Relevant Jurisdictions (as defined in the Indenture), 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 Parent Guarantor or a Surviving Person, as the case may be, severally agrees to pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by such Holders had no such withholding or deduction been required.

The obligations of the Parent Guarantor to each Holder and to the Trustee pursuant to this Parent Guarantee and the Indenture are expressly set forth in Article 12 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Parent Guarantee.

[Signature pages follow]

**SHANDONG SANXING GROUP COMPANY
LTD.**

(山东三星集团有限公司)

(as Parent Guarantor)

By:

Name:

Title:

[Global Note – Parent Guarantee]

FORM OF REVERSE OF GLOBAL NOTE

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投资有限公司

4.00% Guaranteed Senior Notes Due 2029

1. Principal and Interest.

The Issuer promises to pay the principal of this Note on [●], 2029.

The Issuer promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rate of 4.00% *per annum*.

Interest will be payable in arrears (to the Holders of record of the Notes 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) on each Interest Payment Date.

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such interest payment date) or, if no interest has been paid, from the Original Issue Date. Interest on overdue principal and interest, if any, will accrue at a rate of 6% higher *per annum*. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date, which will be the 15th day preceding the date fixed by the Issuer for the payment of such interest, whether or not such day is a Business Day. If such default in interest continues for 30 days, the Issuer will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before a special record date, the Issuer will send to each Holder and to the Trustee a notice that sets forth the special record date, the payment date and the amount of interest to be paid.

The Notes will be payable as to principal, premium, if any, and interest, at the office or agency of the Paying Agent and Registrar or, at the option of the Issuer, payment of interest, due on an Interest Payment Date may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium, if any, on, and interest on, all Global Notes and, with respect to interest, due on an Interest Payment Date, all other Notes the Holders of which will have provided wire transfer instructions to the Paying Agent at least fifteen (15) Business Days prior to the Interest Payment Date. Such payments will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

In any case in which the date of the payment of principal of or premium (if any) or interest on the Notes shall not be a Business Day in the relevant place of payment, then payment of such principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. 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 interest on the Notes shall accrue for the period after such date.

2. Indenture; the Parent Guarantee; the Subsidiary Guarantees; the Collateral.

This is one of the Notes issued under an Indenture, dated as of [●] (as amended from time to time, the “**Indenture**”), among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor, and Madison Pacific Trust Limited, as the Trustee (the “**Trustee**”). Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Issuer. This Note is guaranteed and secured by the Collateral as set forth in the Indenture.

The Indenture limits, among other things, the ability of the Parent Guarantor and the Restricted Subsidiaries to incur or guarantee additional Indebtedness and issue disqualified stock, declare dividends on its Capital Stock or purchase or redeem Capital Stock, make investments or other specified Restricted Payments, issue or sell Capital Stock of Restricted Subsidiaries, guarantee Indebtedness, sell assets, create liens, enter into certain 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 equity holders or affiliates or effect a consolidation or merger.

3. Redemption for Taxation Reasons.

This Note shall be redeemable at the option of the Isser in accordance with Section 3.01 (*Redemption for Taxation Reasons*) of the Indenture.

4. Optional Redemption.

This Note shall be redeemable at the option of the Isser in accordance with Section 3.02 (*Optional Redemption*) of the Indenture.

5. Mandatory Redemption.

The Issuer will be required to redeem this Note as and to the extent set forth in (and only in the circumstances described in) Section 3.03 (*Mandatory Redemption*) of the Indenture.

6. Mandatory Redemption upon a Listing Event.

The Issuer will be required to redeem this Note as and to the extent set forth in (and only in the circumstances described in) Section 3.04 (*Mandatory Redemption upon a Listing Event*) of the Indenture.

7. Offer to Purchase upon Change of Control.

The Issuer or the Parent Guarantor will be required to make a Change of Control Offer as and to the extent set forth in (and only in the circumstances described in) Section 4.11 (*Repurchase of Notes Upon a Change of Control*) of the Indenture.

8. Offer to Purchase with Excess Proceeds.

The Parent Guarantor will be required to make an Offer to Purchase as and to the extent set forth in (and only in the circumstances described in) Section 4.12 (*Limitation on Asset Sales*) of the Indenture.

9. Offer to Repurchase upon a Parent Guarantee SAFE Non-compliance Event.

The Issuer and the Parent Guarantor will be required to make a Parent Guarantee SAFE Non-compliance Offer as and to the extent set forth in (and only in the circumstances described in) Section 8.01 (*Repurchase of Notes upon a Parent Guarantee SAFE Non-compliance Event*) of the Indenture.

10. Offer to Repurchase upon an Intercompany Loan Assignment SAFE Non-compliance Event.

The Issuer and the Parent Guarantor will be required to make an Intercompany Loan Assignment SAFE Non-compliance Offer as and to the extent set forth in (and only in the circumstances described in) Section 8.02 (*Repurchase of Notes upon an Intercompany Loan Assignment SAFE Non-compliance Event*) of the Indenture.

11. Offer to Repurchase upon an NDRC Non-compliance Event.

The Issuer and the Parent Guarantor will be required to make an NDRC Non-compliance Offer as and to the extent set forth in (and only in the circumstances described in) Section 8.03 (*Repurchase of Notes upon an NDRC Non-compliance Event*) of the Indenture.

12. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of US\$10,000 and any multiple of US\$1,000 in excess thereof. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Registrar will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

13. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall, subject to receiving indemnity and/or security and/or pre-funding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. If a bankruptcy or insolvency default with respect to the Parent Guarantor or any Significant Subsidiary occurs and is continuing, 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. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

14. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, or default may be waived, with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Notes. Without notice to or the consent of any Holder, the Issuer and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the rights of any Holder.

15. Authentication.

This Note is not valid until the Registrar signs the certificate of authentication on the other side of this Note.

16. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

17. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Issuer will furnish a copy of the Indenture to any Holder upon written request and without charge.

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned hereby transfers to

(PRINT NAME AND ADDRESS OF TRANSFEREE)

US\$_____ principal amount of this Note, and all rights with respect thereto, and irrevocably constitutes and appoints _____ as attorney to transfer this Note on the books kept for registration thereof, with full power of substitution.

Dated

Certifying Signature

Signed

Note:

(i) The signature on this transfer form must correspond to the name as it appears on the face of this Note in every particular.

(ii) A representative of the Holder of the Note should state the capacity in which he or she signs (*e.g.*, executor).

(iii) The signature of the person effecting the transfer shall conform to any list of duly authorized specimen signatures supplied by the registered holder or shall be certified by a bank which is a member of the Medallion Program or in such other manner as any Paying Agent, Transfer Agent or the Registrar may require.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Issuer pursuant to Section 4.11, Section 4.12, Section 8.01, Section 8.02 or Section 8.03 of the Indenture, check the box: ☐

If you wish to have a portion of this Note purchased by the Issuer pursuant to Section 4.11, Section 4.12, Section 8.01, Section 8.02 or Section 8.03 of the Indenture, state the amount (in original principal amount) below:

US\$_____.

Date:_____

Your Signature:_____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee¹:_____

¹ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the United States Securities Exchange Act of 1934, as amended.

SCHEDULE OF CHANGES OF NOTES

The following changes in the aggregate principal amount of Notes represented by this Global Note have been made:

Date	of	Amount of decrease in	Amount of increase in	
Decrease	/	aggregate principal	aggregate principal	
Increase		amount of Notes	amount of Notes	<u>Outstanding Balance</u>
_____		_____	_____	

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Paying Agent, Transfer Agent and Note Registrar

Citibank Europe Plc
[Address]

EXHIBIT E – 1
FORM OF ISSUER AUTHORIZATION CERTIFICATE

I, [name], [title], acting on behalf of Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), hereby certify that:

(A) the persons listed in Schedule I are (i) Authorized Officers of the Issuer for purposes of the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among the Issuer, Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent, and the Paying Agent, Transfer Agent and Registrar Appointment Letter dated as of [●] (the “**Appointment Letter**”) among the Issuer, the Parent Guarantor and Citibank Europe Plc, as paying agent, transfer agent and registrar and (ii) the duly authorized person who executed or will execute the Indenture, the Notes and the Security Documents (as defined in the Indenture) by his manual or facsimile signature and who was at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his name;

(B) each signature appearing in Schedule I is the person’s genuine signature;

(C) attached hereto as Schedule II is a true, correct and complete specimen of the certificates representing the Notes (with the Parent Guarantee endorsed thereon); and

(D) the persons listed in Schedule III are “Authorized Contacts” who are permitted and authorized to confirm and validate with [Name of entity] and Citibank Europe Plc (in each of their respective capacities under the Notes, the Indenture and the Appointment Letter) all written instructions including but not limited to payment instructions, changes of contact and changes of signatory etc. as well as receiving callbacks in each case in relation to the Notes, the Indenture and the Appointment Letter. [Name of entity] and Citibank Europe Plc may rely conclusively upon the certification of authority of the officers named in Schedule I in connection with all corporate trust transactions to which the Issuer is a party with [Name of entity] and Citibank Europe Plc until such time as the Issuer (i) expressly revokes this director's certificate in writing or (ii) provides a revised director's certificate; in order to be effective, either must be delivered to [Name of entity] and Citibank Europe Plc at the addresses provided in the Indenture and the Appointment Letter.

[SIGNATURE PAGE FOLLOWS]

Schedule I

AUTHORIZED OFFICERS

Name	Title	Signature

Schedule II

SPECIMEN OF THE CERTIFICATES REPRESENTING THE NOTES

Schedule III

AUTHORIZED CONTACTS

Name	E-mail address	Phone number

IN WITNESS WHEREOF, I have hereunto signed my name on the date first written above.

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司
(as Issuer)

By:

Name:

Title:

EXHIBIT E- 2
FORM OF PARENT GUARANTOR AUTHORIZATION CERTIFICATE

I, [name], [title], acting on behalf of Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People's Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), hereby certify that:

(A) the persons listed in Schedule I are (i) Authorized Officers of the Parent Guarantor for purposes of the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), the Parent Guarantor, and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent, and (ii) the duly authorized person who executed or will execute the Indenture, the Parent Guarantee endorsed on the Notes and the Security Documents to which the Parent Guarantor is a party (as defined in the Indenture) by his manual or facsimile signature and who was at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his name;

(B) each signature appearing on Schedule I is the person's genuine signature;

[(C) each person appearing in Schedule II is authorized to receive call backs at the phone numbers noted in Schedule II and to confirm and validate all instructions including but not limited to payment instructions, change of contact and change of signatory in relation to the 4.00% Guaranteed Senior Notes due 2029;] and

(D) attached hereto as Schedule III is a true, correct and complete specimen of the certificate representing the Notes (with the Parent Guarantee endorsed thereon).

[Remainder of page left intentionally blank]

Schedule I

AUTHORIZED OFFICERS

Name	Title	Signature

Schedule II

AUTHORIZED PERSONS TO RECEIVE CALL BACKS

Name	Title	Signature

Schedule III

SPECIMEN CERTIFICATE OF THE NOTES

IN WITNESS WHEREOF, I have hereunto signed my name on the date first written above.

SHANDONG SANXING GROUP COMPANY LTD.

(山东三星集团有限公司)

(as Parent Guarantor)

By:

Name:

Title:

EXHIBIT E- 3
FORM OF SUBSIDIARY GUARANTOR AUTHORIZATION CERTIFICATE

I, [Name], [Title], acting on behalf of [Name of Subsidiary Guarantor], one of the Subsidiary Guarantors (as defined in the Indenture), hereby certify that:

(A) the persons listed in Schedule I are (i) Authorized Officers of the Subsidiary Guarantor for purposes of the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent and (ii) the duly authorized person who executed or will execute a supplemental Indenture, the Subsidiary Guarantee endorsed on the Notes and the Security Documents to which the Subsidiary Guarantor is a party (as defined in the Indenture) by his manual signature and who was at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his name;

(B) each signature appearing on Schedule I is the person’s genuine signature; and

(C) attached hereto as Schedule II is a true, correct and complete specimen of the certificate representing the Notes (with the Subsidiary Guarantees endorsed thereon).

[Remainder of page left intentionally blank]

Schedule I
Authorized Officers

Name	Title	Signature

Schedule II

SPECIMEN CERTIFICATE OF THE NOTES

IN WITNESS WHEREOF, I have hereunto signed my name on the date first written above.

[*ENGLISH NAME*]

[*CHINESE NAME*]

(as Subsidiary Guarantor)

By:

Name:

Title:

EXHIBIT F
FORM OF PAYING AGENT, TRANSFER AGENT AND REGISTRAR APPOINTMENT LETTER

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Citibank Europe Plc
[Address]

Re: 4.00% Guaranteed Senior Notes Due 2029 of Knight Castle Investments Limited 爵堡投資有限公司

Reference is hereby made to the Indenture dated as of [●] (as amended from time to time, the “**Indenture**”) among Knight Castle Investments Limited 爵堡投資有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”) and the Collateral Agent. Terms used herein are used as defined in the Indenture.

The Issuer hereby appoints Citibank Europe Plc, as paying agent (the “**Paying Agent**”), transfer agent (the “**Transfer Agent**”) and registrar (the “**Registrar**”, and together with the Paying Agent and Transfer Agent, the “**Agent**”) with respect to the Notes and each Agent hereby accepts such appointment. By accepting such appointment, each Agent agrees to be bound by and to perform the services with respect to itself set forth in the terms and conditions set forth in the Indenture and the Notes, as well as the following terms and conditions to all of which the Issuer agrees and to all of which the rights of the holders from time to time of the Notes shall be subject:

(a) Each Agent shall be entitled to the compensation to be agreed upon in writing with the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), jointly and severally, for all services rendered by it under the Indenture, and the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), jointly and severally, agree promptly to pay such compensation and to reimburse each Agent for its out-of-pocket expenses (including fees and expenses of counsel) properly incurred by it in connection with the services rendered by it under the Indenture. The Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) jointly and severally hereby agree to indemnify each Agent and its officers, directors, agents and employees and any successors thereto for, and to hold it harmless against, any liability or loss or properly incurred expense (including the properly incurred fees and expenses of counsel) incurred without gross negligence, willful misconduct or fraud on its part arising out of or in connection with its acting as Paying Agent, Transfer Agent and Registrar hereunder and under the Indenture and the Notes. The obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) under this paragraph (a) shall survive the discharge of the Notes, the termination or expiry of the Indenture or this letter and the resignation or removal of each Agent. Under no circumstances will each Agent be liable to the Issuer or any other party to this letter or the Indenture for any indirect, consequential, punitive or special loss or damages of any kind whatsoever (including, but not limited to, loss of business, goodwill, opportunity to profit) whether or not foreseeable, even if advised of the possibility of such loss or damage and regardless of the form of claim. The prior sentence shall survive the termination or expiry of this letter or the Indenture, discharge of the

Notes and the resignation or removal of the Agents.

(b) In acting hereunder, under the Indenture and in connection with the Notes, each Agent is acting solely as agent of the Issuer and does not assume any fiduciary duty or other obligation towards or relationship of agency or trust for or with any of the owners or holders of the Notes, except that all funds held by the Agents for the payment of principal interest or other amounts (including Additional Amounts) on, the Notes shall, subject to the provisions of the Indenture, be held by the Agents and applied as set forth in the Indenture and in the Notes, but need not be segregated from other funds held by the Agents, except as required by law.

(c) Each Agent may consult with counsel satisfactory to it and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder and under the Indenture and the Notes in good faith and in accordance with such advice or opinion.

(d) Each Agent shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper party or parties.

(e) Each Agent and any of its Affiliates, in its individual capacity or any other capacity, may become the owner of, or acquire any interest in, any Notes or other obligations of the Issuer with the same rights that it would have if it were not each Agent, and may engage or be interested in any financial or other transaction with the Issuer, and may act on, or as common depositary, Trustee or agent for, any committee or body of holders of Notes or other obligations of the Issuer, as freely as if it were not an Agent.

(f) Each Agent shall give the Trustee written notice of any failure by the Issuer (or by any other obligor on the Notes, the Parent Guarantee or the Subsidiary Guarantees (if any)) to make any payment of the principal, or premium or interest on, the Notes and any other payments to be made on behalf of the Issuer under the Indenture, when the same shall be due and payable and at any time during the continuance of any such failure each Agent will pay any such sums so held by it to the Trustee upon the Trustee's written request.

(g) No Agent shall be under any liability for interest on any monies received by it pursuant to any of the provisions of the Indenture or the Notes.

(h) Each Agent shall be obligated to perform such duties and only such duties as are hereunder and in the Indenture and the Notes specifically set forth, and no implied duties or obligation shall be read into this letter, the Indenture or the Notes against such Agent. No Agent shall be under any obligation to take any action under the Indenture which may tend to involve it in any expense or liability until it has been pre-funded and/or secured and/or indemnified to its satisfaction against such expense or liability. No Agent shall have any obligation to expend its own funds or otherwise incur any financial liability in the performance of its obligations hereunder or under the Indenture. Notwithstanding anything contained herein to the contrary, the obligations of the Agents under this Paying Agent, Transfer Agent and Note Registrar Appointment Letter are several, and shall under no circumstances be deemed to be, joint.

(i) Each Agent may at any time resign by giving written notice of its resignation to the Issuer and the Trustee and specifying the date on which its resignation shall become effective; *provided* that such date shall be at least 60 days after the date on which such notice is given unless the Issuer agrees to accept shorter notice. Upon receiving such notice of resignation, if required by the Indenture the Issuer shall

promptly appoint a successor paying agent by written instrument substantially in the form hereof in triplicate signed on behalf of the Issuer, one copy of which shall be delivered to the resigning Agent, one copy to the successor agent and one copy to the Trustee. Upon the effectiveness of the appointment of a successor paying agent, the resigning Agent shall have no further obligations under this letter or the Indenture.

Such resignation shall become effective upon the earlier of (i) the effective date of such resignation and (ii) the acceptance of appointment by the successor agent, as provided below. The Issuer may, at any time and for any reason, remove any Agent and appoint a successor agent, by written instrument in triplicate signed on behalf of the Issuer, one copy of which shall be delivered to each Agent being removed, one copy to the successor agent and one copy to the Trustee. Any removal of an Agent and any appointment of a successor paying agent shall become effective upon acceptance of appointment by the successor agent as provided below. Upon its resignation or removal, the resigning Agent or the Agents being removed, as applicable, shall be entitled to the payment by the Issuer of its compensation for the services rendered hereunder and to the reimbursement of all properly incurred out-of-pocket expenses incurred in connection with the services rendered by it hereunder.

The Issuer shall remove an Agent and appoint a successor agent if such Agent (i) shall become incapable of acting, (ii) shall be adjudged bankrupt or insolvent, (iii) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (iv) shall consent to, or shall have had entered against it a court order for, any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceedings commenced against it, (v) shall make a general assignment for the benefit of creditors or (vi) shall fail generally to pay its debts as they become due.

Any successor agent appointed as provided herein shall execute and deliver to its predecessor and to the Issuer and the Trustee an instrument accepting such appointment (which may be in the form of an acceptance signature to the letter of the Issuer appointing such agent) and thereupon such successor agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as an Agent and such predecessor shall pay over to such successor agent all monies or other property at the time held by it hereunder.

If no successor is appointed by the Issuer within 30 days of the resignation or removal of an Agent, the retiring Agent may (on behalf of and at the expense of the Issuer) recommend a successor Agent to the Issuer for its approval, and, within 30 days from the date of recommendation by the retiring Agent, the Issuer shall either approve and obtain written acceptance of appointment from such recommended Agent or appoint another successor Agent of its own choice and obtain written acceptance of appointment from such other successor Agent, or the retiring Agent or the Issuer may petition any court of competent jurisdiction for the appointment of a successor agent.

(j) Notwithstanding anything contained herein to the contrary, each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby irrevocably agrees that any and all of the rights and obligations of any Agent (except the Trustee) and, to the extent applicable, the obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) toward any Agent (except the Trustee) set forth in the Indenture shall be deemed to have been included in this letter.

(k) The Issuer shall pay the principal of, any premium on (if any) and interest, and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and this Letter. Not

later than 10:00 a.m. (London time) one Business Day prior to the Interest Payment Date, the due date of any principal on any Notes, the Tax Redemption Date pursuant to Section 3.01 or the redemption date pursuant to Section 3.02 (each, a “**Payment Date**”), the Issuer shall pay or cause to be paid to the account of the Paying Agent at the Principal Office, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in immediately available funds, an amount which shall be sufficient to pay the aggregate amount of interest, principal or premium or all of such amounts, as the case may be, becoming due in respect of the Notes on such Payment Date; provided that if the Issuer or any Affiliate of the Issuer is acting as Paying Agent, it shall, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in this Indenture. In each case the Issuer shall promptly notify the Trustee and the Paying Agent of its compliance with this Section 4.01(a). The Issuer shall procure that, before 10:00 a.m. (London time) on the second Business Day before each Payment Date, the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the Paying Agent the payment instructions relating to such payment. The Paying Agent shall not be bound to make any payment until it has received the full amount due to be paid to it pursuant to this clause (k) in immediately available and cleared funds.

(l) Each Agent shall at all times be a financial institution which is authorized by law to exercise its respective powers and duties hereunder and under the Indenture and the Notes.

(m) Any notice or communication to the Agents will be deemed given when sent by facsimile transmission, with transmission confirmed. Any notice to the Agents will be effective only upon receipt. The notice or communication should be addressed to the Agents, collectively at Citibank Europe Plc, [●], Attention: [●], Fax: [●]; with a copy to: [●], [●], Fax: [●], Attention: [●]; with a copy to: [●], [●], Fax: [●], Attention: [●]. Any notice to the Issuer or the Trustee shall be given as set forth in the Indenture.

(n) Any corporation into which any Agent may be merged or converted or any corporation with which any Agent may be consolidated or any corporation resulting from any merger, conversion or consolidation to which any Agent shall be a party or any corporation succeeding to the business of any Agent shall be the successor to such Agent hereunder (provided that such corporation shall be qualified as aforesaid) without the execution or filing of any document or any further act on the part of any of the parties hereto.

(o) Any amendment, supplement or waiver under Section 10.01 and Section 10.02 of the Indenture that adversely affects each Agent shall not affect each Agent’s rights, powers, obligations, duties or immunities, unless each Agent has consented thereto.

(p) The Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) agree that the provisions of Section 15.07 of the Indenture shall apply hereto, *mutatis mutandis*.

(q) Any funds held by the Agents are not subject to the relevant United Kingdom Financial Conduct Authority Client Money Rules or any rules relating to client money of any relevant regulatory authority pursuant to Applicable Law.

(r) The agreement set forth in this letter and the Indenture contains the whole agreement between the parties relating to the subject matter of this agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this letter.

(s) Each Agent shall be entitled to refrain from taking any action if it receives conflicting, unclear

or equivocal instructions or in order to comply with any applicable law.

(t) [RESERVED].

(u) Notwithstanding anything else herein contained, an Agent may refrain without liability from doing anything that would or might in its opinion be contrary to any law of any state or jurisdiction (including, but not limited to, the law of the United States of America or any jurisdiction forming a part of it, the British Virgin Islands, the PRC and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

(v) Notwithstanding any other provision of this letter, each Agent shall be entitled to make a deduction or withholding from any payment which it makes under the any Notes for or on account of any Tax, if and only to the extent so required by applicable law, in which event the Agents shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. If Taxes are paid by any Agent or any of its affiliates, the Issuer agrees that it shall promptly reimburse such Agent for such payment to the extent not covered by withholding from any payment or debited from any balance held for it. The Issuer agrees that it shall pay any deficiency upon notice from such Agent or any Authority. If Taxes are paid by any Agent or any of its affiliates, the Issuer agrees that it shall promptly reimburse the relevant Agent for such payment to the extent not covered by withholding from any payment or debited from any balance held for it. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by applicable law for the purposes of this paragraph (w).

(w) If the Issuer determines in its sole discretion that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Agents on any Notes, then the Issuer will be entitled to re-direct or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that, any such re-directed or reorganize payment is made through a reorganize institution of international standing and otherwise made in accordance with this letter and the Indenture. The Issuer will promptly notify the Agents and the Trustee of any such redirection or reorganization.

(x) The Issuer shall notify each Agent in the event that it determines that any payment to be made by an Agent under the Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this paragraph (m) shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Notes, or both.

(y) Each party to this letter (each a “**Party**”) shall, within ten business days of a written request by another Party, supply to that other Party such forms, documentation and other information relating to it, its operations, or the Notes as that other Party reasonably requests for the purposes of that other Party's compliance with Applicable Law and shall notify the relevant other Party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such Party is (or becomes) inaccurate in any material respect; provided, however, that no Party shall be required to provide any forms, documentation or other information pursuant to this paragraph (z) to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Party and cannot be obtained by such Party

using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality.

(z) The Agents shall, on demand by the Trustee by notice in writing given to them and the Issuer at any time after the Event of Default has occurred, until notified by the Trustee to the contrary, as far as permitted by applicable law (i) act thereafter as agents of the Trustee under the Indenture and the Notes on the terms provided in this letter (save for necessary consequential amendments and the Trustee's liability under any provision hereof for the indemnification, remuneration and all other expenses of the Agents shall be limited to the amounts for the time being held by the Trustee in respect of the Notes on the trusts of the Indenture and after application of such sums in accordance with Section 6.12 of the Indenture in satisfaction of payment of sums, other than referred to in this paragraph (aa)) and thereafter hold all certificates and moneys, documents and records held by them in respect of the Notes to the order of the Trustee; and/or (ii) deliver up all certificates and all monies, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice or subsequently, provided that this paragraph (ii) shall not apply to any documents or records which any of the Agents is obliged not to release by any law or regulation to which it is subject.

(aa) Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) hereby irrevocably waives, in favor of the Agents, any conflict of interest that may arise by virtue of the Agents acting in various capacities under the Notes, the Parent Guarantee and the Subsidiary Guarantees (if any) or this Indenture or for other customers of the Agents. Each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) acknowledges that the Agents and their affiliates (together, the “**Agent Parties**”) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) may regard as conflicting with its interests and may possess information (whether or not material to the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any)) other than as a result of the Agents acting as the Agents hereunder, that the Agents may not be entitled to share with the Issuer, the Parent Guarantor and/or the Subsidiary Guarantors (if any). The Agents will not disclose confidential information obtained from the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) (without its consent) to any of the Agents' other customers or affiliates nor will it use on behalf of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) agrees that the Agent Parties may deal (whether for its own or its customers' account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Notes, the Parent Guarantee or the Subsidiary Guarantee (if any) or the Indenture.

(bb) The Agents may act through its attorneys and agents and will not be responsible for supervising or monitoring any attorney or agent or for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder.

(cc) In no event shall the Agents be responsible or liable for any failure or delay in the performance of their obligations hereunder arising out of or caused by, directly or indirectly, forces beyond their control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Agents shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(dd) No Agents shall be permitted or required to make investments of any moneys at any time received by it pursuant to any of the provisions of this Letter or of the Notes.

(ee) (i) Each of the Parent Guarantor and the Subsidiary Guarantors (if any) covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates are the target or subject of any sanctions enforced by the US Government, (including the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”)), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively “**Sanctions**”).

(ii) Each of the Parent Guarantor and the Subsidiary Guarantors (if any) covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates will use any payments made pursuant to this letter, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

(ff) Sub-clauses (i) and (ii) will not apply if and to the extent that they are or would be unenforceable by reason of breach of (1) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the EEA) or (2) any similar blocking or anti-boycott law in the United Kingdom or elsewhere. However, if the aforementioned Council Regulation purports to make compliance with any portion of this clause unenforceable by the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) will nonetheless take such measures as may be necessary to ensure that the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) does not use the services or accounts in any manner which would cause the Agents to violate Sanctions applicable to the Agents.

(gg) In no event shall the Agents be liable for any losses arising from the Agents receiving or transmitting any data to the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), (or any Authorized Person) or acting upon any notice, instruction or other communications via any Electronic Means. The Agents have no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorized to give instructions or directions on behalf of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), (or any Authorized Person). The Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any), agree that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

For the purposes of this paragraph (hh):

“**Electronic Means**” shall mean the following communications methods: (i) non-secure methods of transmission or communication such as e-mail and facsimile transmission and (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Agents, or another method or system specified by the Agents as available for use in connection with its services hereunder.

The agreement set forth in this letter shall be construed in accordance with and governed by the laws of the State of New York.

[Signature pages follow]

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司
(as Issuer)

By:

Name:

Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

**SHANDONG SANXING GROUP COMPANY
LTD.**

(山东三星集团有限公司)
(as Parent Guarantor)

By:

Name:

Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

Agreed and accepted:

CTIBANK EUROPE PLC,
as Paying Agent, Transfer Agent and Note Registrar

By:

Name:

Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

Acknowledged:

Madison Pacific Trust Limited,
as Trustee

By:

Name:
Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

EXHIBIT G
SUPPLEMENTAL INDENTURE

dated as of _____, 20____

among

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投资有限公司
as Issuer

and

SHANDONG SANXING GROUP COMPANY LTD.
(山东三星集团有限公司) as Parent Guarantor

and

[The entities listed on Schedule I hereto as existing Subsidiary Guarantors]

and

[The entities listed on Schedule II hereto as additional Subsidiary Guarantors] and

Madison Pacific Trust Limited
as Trustee

4.00% Guaranteed Senior Notes Due 2029

THIS SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”), entered into as of _____, ____, among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), each entity listed on Schedule I hereto (each as an existing “**Subsidiary Guarantor**”), each entity listed on Schedule II hereto [list in Schedule II each new guarantor executing this Supplemental Indenture and its jurisdiction of incorporation] (each an “**Additional Subsidiary Guarantor**”) and Madison Pacific Trust Limited, as trustee (the “**Trustee**”) and collateral agent (the “**Collateral Agent**”).

RECITALS

WHEREAS, the Issuer, the Parent Guarantor and the Trustee entered into the Indenture, dated as of [●] (as amended and supplemented as of the date hereof, the “**Indenture**”), relating to the Issuer’s 4.00% Guaranteed Senior Notes Due 2029 (the “**Notes**”).

WHEREAS, pursuant to Section 13.09 and Section 13.10 of the Indenture each new Subsidiary Guarantor is required to enter into a supplemental indenture which supplemental indenture may be entered into without the consent of the Holders pursuant to Section 10.01(a)(vii).

WHEREAS, as a condition to the Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Parent Guarantor agreed pursuant to the Indenture to cause any future Restricted Subsidiaries (subject to certain exceptions as set forth under the Indenture) to provide Subsidiary Guarantees.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. Each Additional Subsidiary Guarantor, by its execution of this Supplemental Indenture, agrees to be a Subsidiary Guarantor under the Indenture and to be bound by all the terms of the Indenture applicable to Subsidiary Guarantors, including, but not limited to, Article 13 thereof.

Section 3. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF AN-OTHER JURISDICTION WOULD BE REQUIRED THEREBY

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

Section 5. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture will henceforth be read together.

Section 6. The recitals contained herein shall be taken as the statements of the Issuer, the Parent Guarantor[, the existing Subsidiary Guarantors] and the Undersigned, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency

of this Supplemental Indenture.

Section 7. Notwithstanding anything contained herein, nothing in this Supplemental Indenture shall relieve the Issuer, the Parent Guarantor, the Subsidiary Guarantors, the Trustee or the Collateral Agent of any of their obligations under the Indenture, as amended and supplemented by this Supplemental Indenture, and the Notes.

Section. 8. All of the provisions of the Indenture shall remain in full force and effect as set forth therein.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投资有限公司
(as Issuer)

By: _____

Name:

Title:

SHANDONG SANXING GROUP COMPANY LTD.

(山东三星集团有限公司)
(as Parent Guarantor)

By: _____

Name:

Title:

**[INSERT NEW SUBSIDIARY
GUARANTORS]
[CHINESE NAME]
(as Subsidiary Guarantor)**

By: _____

Name:

Title:

Madison Pacific Trust Limited
(as Trustee)

By:

Name:
Title:

Madison Pacific Trust Limited
(as Collateral Agent)

By:

Name:
Title:

SCHEDULE I

**LIST OF EXISTING
SUBSIDIARY GUARANTORS**

[List of all Subsidiary Guarantors]

SCHEDULE II

**LIST OF NEW
SUBSIDIARY GUARANTORS**

[List of all New Subsidiary Guarantors]

EXHIBIT H
FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate is delivered pursuant to Section 6.08 of the Indenture, dated as of [●], as amended, supplemented or modified from time to time (the “**Indenture**”), among Knight Castle Investments Limited 爵堡投資有限公司, a company incorporated with limited liability under the laws of the British Virgin Islands (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and [Name of entity], as trustee (the “**Trustee**”) and collateral agent (the “**Collateral Agent**”). Terms defined in the Indenture are used herein as therein defined.

Each of the undersigned hereby certifies to the Trustee and the Collateral Agent as follows:

1. I am the duly elected, qualified and acting [title] or [title], as the case may be, of the Parent Guarantor.
2. I have reviewed and am familiar with the contents of this Compliance Certificate.
3. I have reviewed the terms of the Indenture and the Security Documents and have made or caused to be made under my supervision, a review in reasonable detail of the Collateral and the condition of the Collateral. Such review did not disclose the existence during or at the end of the annual period covered by this Compliance Certificate, and I have no knowledge of the existence as of the date of this Compliance Certificate, of any condition or event which would impair the perfected security interest created by the Indenture and the Security Documents with at least the priority of such security interest on the Original Issue Date[, except as set forth below].
4. That a review has been conducted of the activities of the Parent Guarantor and the Subsidiary Guarantors (if any) and the performance of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (if any) under the Indenture, in each case since the Original Issue Date, [and that the Issuer, the Parent Guarantor and Subsidiary Guarantors (if any) have been since the Original Issue Date and are in compliance with all obligations under the Indenture]/[if there has been a default in the fulfillment of any obligation under the Indenture, specifying each such default and the nature and status thereof.]

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of the date set forth below.

**SHANDONG SANXING GROUP COMPANY
LTD.**

(山东三星集团有限公司)

(as Parent Guarantor)

By:

Name:

Title:

Date: _____, 20__

EXHIBIT I
TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Paying Agent, Transfer Agent and Note Registrar

Citibank Europe Plc
[Address]

EXHIBIT J
FORM OF SUBSIDIARY GUARANTEE

Each of the undersigned (the “**Subsidiary Guarantors**”) hereby, jointly and severally, Guarantees as principal obligor to each Holder authenticated by the Registrar and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of each Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Issuer or the Parent Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or the Parent Guarantor or the assets of the Issuer or the Parent Guarantor or any resulting release or discharge of any obligation of the Issuer or any Parent Guarantor contained in the Indenture or any Note or the Parent Guarantee; (4) the existence of any claim, set off or other rights which the Subsidiary Guarantor may have at any time against the Issuer, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Issuer or the Parent Guarantor for any reason of the Indenture, any Note or the Parent Guarantee; or (6) any other act or omission to act or delay of any kind by the Issuer, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor’s obligations hereunder.

This Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of any Subsidiary Guarantor, or as otherwise contemplated in the Indenture. In case of the failure of the Issuer punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, each of the Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

Subject to certain exceptions as set forth in the Indenture, each of the Subsidiary Guarantors hereby further agrees that all payments of principal of, and premium (if any) and interest under this Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within the Relevant Jurisdictions (as defined in the Indenture), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, each Subsidiary Guarantor severally agrees to pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by such Holders had no such withholding or deduction been required.

The obligations of the Subsidiary Guarantors to each Holder and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article 13 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Subsidiary Guarantee.

[Signature pages follow]

EXHIBIT K
FORM OF INTERCOMPANY LOAN ASSIGNMENT

EXHIBIT L
FORM OF ISSUER DEBENTURE

EXHIBIT M
FORM OF ISSUER SHARE CHARGE

DATED _____

(1) KNIGHT CASTLE INVESTMENTS LIMITED|
爵堡投資有限公司
as Issuer

(2) SHANDONG SANXING GROUP COMPANY LTD,
(山東三星集團有限公司)
as Parent Guarantor

(3) MADISON PACIFIC TRUST LIMITED
as Trustee

NOTE INSTRUMENT
CONSTITUTING US\$[•]
1% UNSECURED ENHANCED RETURN NOTES

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THIS NOTE INSTRUMENT is executed by way of deed poll on _____
2024.

BY:

- (1) **KNIGHT CASTLE INVESTMENTS LIMITED** 爵堡投資有限公司, a company incorporated in the British Virgin Islands with limited liability (the “**Issuer**”);
- (2) **SHANDONG SANXING GROUP COMPANY LIMITED** (山東三星集團有限公司), a company established in the People’s Republic of China with limited liability (the “**Parent Guarantor**”); and
- (3) **MADISON PACIFIC TRUST LIMITED**, a company incorporated with limited liability under the laws of Hong Kong with Business Registration Number 58548008, as the Trustee (the “**Trustee**”);

IN FAVOUR OF:

- (4) **THE PERSON** for the time being and from time to time registered as holder of the referred to below (the “**Noteholder**”).

WHEREAS

- (A) On [●] 2024, the Eastern Caribbean Supreme Court in High Court of Justice of the Virgin Islands, by an order made on [●], 2024, sanctioned a scheme of arrangement between the Issuer and a class of its creditors, which scheme of arrangement was proposed by the Issuer pursuant to section 179A of the BVI Business Companies Act 2004 (as amended), for the purposes of restructuring Issuer’s indebtedness under the US\$200,000,000 7.99% Senior Notes due 2021 issued by the Issuer (now cancelled) (the “**Restructuring**”).
- (B) As part of the Restructuring, the Issuer was authorized by a resolution of its board of directors dated [●] 2024 to create and issue: (x) the US\$[●] 1% Enhanced Return Notes due 2029 (the “**Note**”), and (ii) US\$[●] 4.00% Guaranteed Senior Notes due 2029 (the “**New Note**”).
- (C) The Note will be in registered form and will be represented by individual note certificate(s) in the form as scheduled to this Note Instrument in Schedule 1 (the “**Note Certificate(s)**”).
- (D) The Issuer wishes to constitute the Note by deed poll.

THIS NOTE INSTRUMENT WITNESSES as follows:

1. INTERPRETATION

1.1 References to Note Conditions

In this Note Instrument, “**Note Conditions**” means the terms and conditions of the Note (as scheduled to this Note Instrument in Schedule 2 and as modified from time to time in accordance with its terms), and any reference to a numbered “**Note Condition**” is to the correspondingly numbered provision thereof.

1.2 References to Note Instrument

Any reference to this Note Instrument includes, without limitation, the Note Conditions.

1.3 Other Defined Terms

Terms defined in the Note Conditions have the same meanings when used in this Note Instrument.

1.4 References to Clauses, Paragraphs and Schedules

Any reference in this Note Instrument to a Clause, Paragraph or Schedule, unless specifically provided otherwise, is a reference to a clause or paragraph of, or schedule to, this Note Instrument.

1.5 Headings

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Note Instrument.

1.6 Legislation

Any reference in this Note Instrument to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2. THE NOTE

The Issuer hereby constitutes the Note which have the terms and conditions provided in the Note Conditions and covenants in favour of each Noteholder that it will duly perform and comply with the obligations expressed to be undertaken by it in each Note Certificate and in the Note Conditions (and for this purpose any reference in the Note Conditions to any obligation or payment under or in respect of the Note shall be construed to include a reference to any obligation or payment under or pursuant to this provision).

3. AUTHENTICATION AND DELIVERY OF NOTES AND THE PARENT GUARANTEE

3.1 Upon the execution and delivery of this Note Instrument, or from time to time thereafter, Notes may be executed and delivered by the Issuer, with the Parent Guarantee endorsed thereon by the Parent Guarantor, in an aggregate principal amount outstanding of not more than US\$[●], to the Registrar for authentication, accompanied by an Officers' Certificate of the Issuer directing such authentication and specifying the amount of Notes (with the Parent Guarantee endorsed thereon) to be authenticated, the date on which the original issuance of such Notes (with the Parent Guarantee endorsed thereon) is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes and the Parent Guarantee. The Registrar shall thereupon authenticate and deliver such Notes, with the Parent Guarantee endorsed thereon, to or upon the written order of the Issuer (as set forth in such Officers' Certificate) signed by the Issuer.

4. EXECUTION OF NOTES AND THE PARENT GUARANTEE

The Notes shall be executed by or on behalf of the Issuer by the signature of an authorized person of the Issuer. The Parent Guarantor shall execute the Parent Guarantee by the signature of an authorized person of the Parent Guarantor. Such signatures may be the manual or facsimile signature of the present or any future authorized persons. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by or on behalf of the Registrar.

5. FORM, DENOMINATION AND DATE OF NOTES; PAYMENTS

- 5.1 On the Issue Date, the Notes shall be issued in the form provided in Clause 5.4. The Note shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the Issuer may determine with the approval of the Trustee.
- 5.2 The Note (with the Parent Guarantee endorsed thereon) may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Note Instrument, as may be required to comply with any law or with any rules or regulations pursuant thereto, with the rules of any securities market in which the Note are admitted to trading, or to conform to general usage.
- 5.3 Each Note (with the Parent Guarantee endorsed thereon) shall be dated the date of its authentication. Each Note shall bear interest at the rate of 1% per annum from the date of issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for and shall be payable on the dates specified on the face of the form of Note set forth as Schedules 1 and 3 hereto. Interest on the Notes shall be calculated on the basis of a 360-days year based on the number of days elapsed.
- 5.4 On the Issue Date, the Issuer will execute and deliver to the Trustee one global note initially representing the Note (together with any other global notes issued after the Issue Date, the “**Global Notes**”), with the Parent Guarantee endorsed thereon, in definitive, fully registered form without interest coupons, in a denomination of US\$10,000 or any amount in excess thereof which is an integral multiple of US\$1,000, substantially in the form of Schedule 3 hereto which shall be deposited with, and registered in name of the nominee of the common depositary for Euroclear and Clearstream (the “**Common Depositary**”), which shall initially be Citibank Europe Plc. All such Notes (with the Parent Guarantee endorsed thereon) so executed and delivered to the Trustee pursuant to this clause (c) shall be in an aggregate principal amount that shall equal the aggregate principal amount of the Notes that are to be issued on the Issue Date. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Common Depositary or its nominee.
- 5.5 Notwithstanding anything to the contrary herein, beneficial interests in the Global Notes (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 respective direct and indirect participants. Each Global Note shall be delivered by or on behalf of the Trustee to, and registered in the name of the nominee of, the Common Depositary. Each Global Note and each Certificated Note issued in exchange for interests in the Global Note shall bear a legend substantially to the following effect (the “**Private Placement Legend**”):

“THIS NOTE AND THE PARENT GUARANTEE RELATED TO THIS NOTE (COLLECTIVELY, THE “**SECURITIES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NONE OF THE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL

BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)) [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER’S AND THE TRANSFER AGENT’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.”

Each Global Note shall bear a legend substantially to the following effect (the “**Global Note Legend**”):

“UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF [Name of entity], AS COMMON DEPOSITARY (“**COMMON DEPOSITARY**”) FOR EUROCLEAR BANK SA/NV (“**EUROCLEAR**”) OR CLEARSTREAM BANKING S.A. (“**CLEARSTREAM**”) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE NOTE INSTRUMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE NOTE INSTRUMENT.”

Global Notes may be deposited with such other Common Depositary as the Issuer may from time to time designate in writing to the Trustee, and shall bear such legend as may be appropriate.

- 5.6 If at any time the Common Depositary notifies the Issuer in writing that it is unwilling or unable to continue as a depositary for the Global Notes, the Issuer shall appoint a successor depositary with respect to such Global Notes. If (1) a successor depositary for such Global Notes is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, or (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 as a result of any Event of Default and the Issuer has received a written request from a Noteholder, the Issuer will execute, and the Registrar, upon receipt by the Trustee and the Registrar of an Officers’ Certificate of the Issuer directing the authentication and delivery thereof, will authenticate and deliver, Certificated Notes in any authorized denominations in an aggregate principal amount equal to the principal amount of such Global Notes in exchange for such Global Notes.
- 5.7 Global Notes shall in all respects be entitled to the same benefits under this Note Instrument as Certificated Notes authenticated and delivered hereunder.
- 5.8 Upon receipt of such notice in writing referred to in Clause 5.6 from the Common Depositary, Euroclear, Clearstream or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the Common Depositary for the exchange of interests in the Global Notes for Certificated Notes and cause the requested Certificated Notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in the Global Notes for

Certificated Notes will be required to provide to the Registrar, through the relevant clearing system, written instructions and other information required by the Issuer and the Registrar to complete, execute and deliver such Certificated Notes. Certificated Notes delivered in exchange for the Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

- 5.9 The person in whose name any Note is registered at the close of business on the record date (i.e., the 15th calendar day of the same month in which the relevant Interest Payment Date falls) with respect to any Interest Payment Date shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Note subsequent to such record date and prior to such Interest Payment Date.

6. REGISTRATION, TRANSFER AND EXCHANGE

- 6.1 The Notes are issuable only in registered form. The Issuer will keep at the office to be maintained for the purpose as provided in Clause 11 (the “**Registrar**”), a register (the “**Note Register**”) in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, the Notes as provided in this Clause. The name and address of the Noteholder of each Note and the amount of each Note, and all transfers and exchanges related thereto, will be recorded in the Note Register. Such Note Register shall be in written form in the English language or in any other form capable of being converted into such form within a reasonable time. Such Note Register shall be open for inspection by or on behalf of the Registrar during normal business hours upon prior written request and satisfactory proof of holdings.
- 6.2 Upon due presentation for registration of transfer of any Note, the Issuer shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes in authorized denominations for a like aggregate principal amount.
- 6.3 A Noteholder may register the transfer of a Note only by written application to the Registrar substantially in the form of Schedule 2 hereof and otherwise complying with the terms of this Note Instrument. No such registration of transfer shall be effected until, and such transferee shall succeed to the rights of a Noteholder only upon, final acceptance and registration of the transfer by the Registrar in the Note Register. Prior to the registration of any transfer by a Holder as provided herein, the Issuer, the Trustee and any agent of any of them shall treat the person in whose name the Note is registered as the owner thereof for all purposes whether or not the Note shall be overdue, and neither the Issuer, the Trustee, nor any such agent shall be affected by notice to the contrary. Furthermore, any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by Euroclear and Clearstream (or their respective agents) and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry. When Notes are presented to the Registrar with a request to register the transfer, the Registrar shall register the transfer if the requirements for such transactions set forth herein are met. To permit registrations of transfers, the Issuer and the Parent Guarantor shall execute and the Registrar shall authenticate Notes at the Issuer’s request.
- 6.4 Every Note presented or surrendered for registration of transfer shall (if so required by the Issuer or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the Noteholder thereof or his attorney duly authorized in writing in a form satisfactory to the Issuer and the Registrar.
- 6.5 The Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes (other than any such transfer taxes or other similar governmental charge

- payable upon exchanges). No service charge to any Noteholder shall be made for any such transaction.
- 6.6 The Issuer shall not be required to exchange or register a transfer of (1) any Notes for a period of 15 days immediately preceding the first mailing of notice of redemption of Notes to be redeemed or (2) any Notes called or being called for redemption.
- 6.7 So long as the Global Notes remain outstanding and are held by or on behalf of the Common Depositary, transfers of beneficial interests in the Global Notes may be made only in accordance with the rules of Euroclear or Clearstream.
- 6.8 Subject to Clause 5.6, the Global Notes are not exchangeable for a Certificated Note or Certificated Notes.
- 6.9 Notwithstanding any other provisions hereof, unless and until the Global Notes are exchanged for Certificated Notes, the Global Notes may be transferred, in whole, but not in part, only by the Common Depositary to its nominee or by a nominee of the Common Depositary to another nominee of the Common Depositary or by the Common Depositary or its nominee to a successor Common Depositary or a nominee of any such successor Common Depositary.
- 6.10 All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under this Note Instrument, as the Notes surrendered upon such transfer or exchange.
- 6.11 Claims against the Issuer or the Parent Guarantor for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in this Note Instrument within a period of six years.
- 7. BOOK-ENTRY PROVISIONS FOR GLOBAL NOTES**
- 7.1 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.
- 7.2 Except as provided in Clause 5.6, 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.
- 7.3 So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under this Note Instrument and “holders” of book-entry interests will not be considered the owners or “Noteholders” 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 Noteholders under this Note Instrument.
- 7.4 Without limiting the generality of the foregoing, a Noteholder, including the nominee of the Common Depositary for Euroclear and Clearstream, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice,

consent, waiver or other action provided in this Note Instrument to be made, given or taken by Noteholders, and any such Noteholder and each of Euroclear and Clearstream may provide its proxy to the beneficial owners of interests in any Global Note through such person's standing instructions and customary practices.

- 7.5 None of the Issuer, the Parent Guarantor, the Trustee or any of their respective 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.

8. MUTILATED, DEFACED, DESTROYED, STOLEN AND LOST NOTES

- 8.1 The Issuer shall execute and deliver to the Trustee Certificated Notes in such amounts and at such times as to enable the Trustee to fulfill its responsibilities under this Note Instrument and the Notes.

- 8.2 In case any Note shall become mutilated, defaced or be apparently destroyed, lost or stolen, upon the request of the Noteholder thereof, the Issuer in its discretion may execute, and, upon the written request of the Issuer, the Registrar shall authenticate and deliver, a new Note (with the Parent Guarantee endorsed thereon), bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and substitution for the Note so apparently destroyed, lost or stolen. In every case the applicant for a substitute Note shall furnish to the Issuer, the Parent Guarantor, the Trustee, and any agent of the Issuer, the Parent Guarantor or the Trustee such security and/or indemnity and/or pre-fund as may be required by each of them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the apparent destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substitute Note, such Noteholder, if so requested by the Issuer, the Parent Guarantor, the Trustee, or any agent thereof, will pay a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or its agent(s)) connected with the preparation and issuance of the substitute Note. The Registrar is hereby authorized, in accordance with and subject to the foregoing conditions in this clause (b), to authenticate and deliver, or cause the authentication and delivery of, from time to time, Notes (with the Parent Guarantee endorsed thereon) in exchange for or in lieu of Notes (with the Parent Guarantee endorsed thereon), respectively, which become mutilated, defaced, destroyed, stolen or lost. Each Note delivered in exchange for or in lieu of any Note shall carry all the rights to principal, premium (if any), interest (including rights to accrued and unpaid interest) which were carried by such Note.

- 8.3 Mutilated or defaced Certificated Notes must be surrendered before replacements will be issued. In the event any such mutilated, defaced, destroyed, lost or stolen certificate has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new certificate, pay such Notes.

9. CANCELLATION OF NOTES; DISPOSITION THEREOF

- 9.1 All Notes surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Issuer or any agent of the Issuer or the Trustee, shall be delivered to the Registrar for cancellation or, if surrendered to the Registrar, shall be canceled by it; and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Note Instrument. The Registrar shall dispose of canceled Notes held by it in accordance with its customary procedures, and (upon request of the Issuer) deliver a certificate of disposition to the Issuer. If the Issuer shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Registrar for cancellation.

10. ISIN AND COMMON CODE NUMBERS

- 10.1 The Issuer in issuing the Notes may use ISIN and Common Code numbers (if then generally in use), and, if so, the Trustee, the Paying Agent and the Transfer Agent shall use for the Notes ISIN and Common Code numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee, the Paying Agent and the Transfer Agent of any change in the ISIN and Common Code numbers.

11. MAINTENANCE OF OFFICE OR AGENCY

- 11.1 The Issuer shall maintain an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Issuer in respect of the Notes and this Note Instrument may be served. The Issuer hereby initially designates the Principal Office as such office of the Issuer. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served to the Trustee.
- 11.2 The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented for any of such purposes and may from time to time rescind such designations; provided that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in each place where principal of, and interest or premium on, any Notes are payable. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.
- 11.3 The Issuer has initially appointed the Paying Agent, Transfer Agent and Registrar listed in Schedule 6.
- 11.4 So long as any of the Notes remain outstanding, the Issuer and the Parent Guarantor shall maintain in each place where principal of, and interest or premium on, any Notes is payable an office or agency where notices and demands to or upon the Issuer and the Parent Guarantor in respect of the Notes and the Parent Guarantee or this Note Instrument may be served. Each of the Issuer and the Parent Guarantor hereby initially designates the Principal Office, as the office or agency for each such purpose. In case any of the Issuer and the Parent Guarantor shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Trustee's office.

12. THE TRUSTEE AND THE AGENTS

- 12.1 General.
- 12.1.1 The duties and responsibilities of the Trustee are as set forth herein. Whether or not expressly so provided, every provision of this Note Instrument relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to this Clause.
- 12.1.2 Except during the continuance of a default, the Trustee shall perform such duties and only such duties as are specifically set forth in this Note Instrument or the Notes, as the case may be, and no implied covenant or obligation shall be read

into this Note Instrument or the Notes, if any (as the case may be) against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall use the same degree of care and skill in its exercise of the rights and powers vested in it under this Note Instrument or the Notes, as the case may be, as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee shall be under no obligation to exercise any of its rights or powers under this Note Instrument at the request of any Noteholder, unless such Noteholders shall have offered to the Trustee security and/or indemnity and/or pre-funding satisfactory to it against any loss, liability or expense.

- 12.1.3 The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Parent Guarantor, the Issuer and their respective affiliates and profit therefrom without being obliged to account from profits; provided, however that if it acquires any conflicting interest, it must eliminate such conflict or resign.
- 12.1.4 No provision of this Note Instrument shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct or fraud.
- 12.1.5 Unless the Trustee receives prior written notice from the Issuer, the Trustee shall be entitled to assume, without any further inquiry, that the Parent Guarantor and the Issuer have duly performed all of their respective obligations in accordance with this Note Instrument, including each of the schedules attached hereto.
- 12.1.6 Notwithstanding anything herein to the contrary, the Trustee shall not be responsible for the recitals, statements, warranties or representations of any party contained in this Note Instrument or any other agreement or other document entered into in connection herewith or therewith and shall assume the accuracy and correctness thereof and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any trust or security thereby constituted or evidenced, and the Trustee may accept without enquiry, requisition or objection such title as the Issuer or the Parent Guarantor may have to the property charged or assigned pursuant to any security documents or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of the Issuer or the Parent Guarantor to such property or any part thereof from time to time whether or not any default or failure is or was known to the Trustee or might be, or might have been, discovered upon examination, inquiry or investigation and whether or not capable of remedy. Each Noteholder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Parent Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof. The Trustee will have no obligation or duty to monitor, determine or inquire as to compliance with any of the provisions in this Note Instrument or the financial performance of the Issuer and the Parent Guarantor.
- 12.1.7 The Trustee shall not be liable for errors in judgment made by it in good faith unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

12.2 Certain Rights of Trustee and Other Agents.

Subject to Clause 12.1:

- 12.2.1 In the absence of fraud, gross negligence or willful misconduct on its part, the Trustee may conclusively rely, and will be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document, but, in the case of any document which is specifically required to be furnished to the Trustee pursuant to any provision hereof, the Trustee shall examine the document to determine whether it conforms to the requirements of this Note Instrument (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). The Trustee, in its sole and absolute discretion, may make further inquiry or investigation into such facts or matters as it sees fit.
- 12.2.2 The Trustee may act through its delegates, attorneys and agents and will not be responsible for supervising or monitoring any delegate, attorney or agent or for the misconduct or negligence of any delegate, attorney or agent appointed with due care by it hereunder. To the extent an agent has been named by the Trustee in connection with this Note Instrument, the parties hereto shall cooperate to ensure that such agent can perform the duties for which it was appointed. Upon an Event of Default, the Trustee shall be entitled to require all agents (including the Agents) to act solely in accordance with its directions.
- 12.2.3 The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Note Instrument at the request or direction of any of the Noteholders, unless such Noteholders have offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any loss, liability or expenses that might be suffered or incurred by it in compliance with such request or direction.
- 12.2.4 The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers, or exercising any trust or power conferred upon the Trustee, under this Note Instrument.
- 12.2.5 The Trustee may consult with counsel or other professional advisors of its selection, and the written advice of such counsel or advisors or any opinion of counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- 12.2.6 No provision of this Note Instrument will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives security and/or indemnity and/or prefunding satisfactory to it against any costs, loss, liability or expense.
- 12.2.7 If any of the Parent Guarantor is substituted to make payments on behalf of the Issuer, the Issuer shall promptly notify the Trustee and any clearing system through which the Notes are traded of such substitution.
- 12.2.8 The Trustee may request that the Issuer or the Parent Guarantor deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Note Instrument,

which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate.

- 12.2.9 In connection with the exercise by it of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorization or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any country, state or territory and a Noteholder shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- 12.2.10 Under no circumstance will the Trustee be liable for any special, indirect punitive or consequential loss or damage of any kind whatsoever (inter alia, being loss of business, goodwill, opportunity or profit), whether or not foreseeable, even if the Trustee has been advised of such loss or damage and regardless of the form of action. The provisions of this clause shall survive the termination or expiry of this Note Instrument, discharge of the Notes and the resignation or removal of the Trustee.
- 12.2.11 The Trustee is not obliged to do or omit to do anything which in its reasonable opinion would or may be illegal or would result in the Trustee being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organization to which the Trustee is subject.
- 12.2.12 Each of the Issuer and the Parent Guarantor hereby irrevocably waives, in favor of the Trustee and the Agents, any conflict of interest that may arise by virtue of the Trustee and/or the Agents acting in various capacities under the Notes, the Parent Guarantee or this Note Instrument or for other customers of the Trustee and the Agents. Each of the Issuer and the Parent Guarantor acknowledges that the Trustee and the Agents and their respective affiliates (together, the "**Agent Parties**") may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Issuer, and the Parent Guarantor may regard as conflicting with its interests and may possess information (whether or not material to the Issuer and the Parent Guarantor) other than as a result of the Trustee and/or the Agents acting as the Trustee and/or the Agents hereunder, that the Trustee and/or the Agents may not be entitled to share with the Issuer and/or the Parent Guarantor. The Trustee and the Agents will not disclose confidential information obtained from the Issuer and the Parent Guarantor (if any) (without its consent) to any of the Trustee's and/or the Agents' other customers or affiliates nor will it use on behalf of the Issuer and the Parent Guarantor any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Issuer and the Parent Guarantor agrees that the Agent Parties may deal (whether for its own or its customers' account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Notes, the Parent Guarantee or this Note Instrument.

12.3 Individual Rights of Trustee.

- 12.3.1 The Trustee, in its individual or any other capacity, may become the owner or pledgee of the Notes and may otherwise deal with the Issuer or the Parent Guarantor or their respective affiliates with the same rights it would have if it were not the Trustee and nothing herein shall obligate the Trustee to account for any profits earned from any business or transactional relationship. Any Agent may do the same with like rights.

12.4 Trustee's Disclaimer

- 12.4.1 The Trustee (1) makes no representation as to the validity or adequacy of this Note Instrument, the Notes, the Parent Guarantee, (2) is not accountable for the Issuer's use or application of the proceeds from the Notes, (3) is not responsible for any statement in the Notes other than its certificate of authentication and (4) shall not have any responsibility for the Issuer's or any Noteholder's compliance with any state or U.S. federal securities law in connection with the Notes.

12.5 Notice of Default.

- 12.5.1 The Trustee shall not be deemed to have knowledge of an Event of Default unless and until the Trustee obtains written notification of such Event of Default from the Issuer identifying the circumstances constituting such Event of Default. The Trustee shall not be bound to enforce any provision of this Note Instrument unless it is directed in writing by the Noteholders to do so and unless it has received security and/or indemnity and/or pre-funding satisfactory to it. None of the Trustee or any Agent is obligated to do anything to ascertain whether any Event of Default has occurred or is continuing and will not be responsible to Noteholders or any other person for any loss arising from any failure by it to do so, and each of the Trustee and the Agents may assume that no such event has occurred (except when there is a default in payment of principal or interest on any Note) and that the Issuer and the Parent Guarantor are performing all of their obligations under this Note Instrument, and the Notes unless the Trustee, or the Agents, as the case may be, has received written notice of the occurrence of such event or facts establishing that an Event of Default has occurred or that the Issuer and the Parent Guarantor are not performing all of their obligations under this Note Instrument and/or the Notes. The Trustee is entitled to rely on any opinion of counsel or Officers' Certificate regarding whether an Event of Default has occurred.

12.6 Compensation and Indemnity.

- 12.6.1 The Issuer and the Parent Guarantor agree to be jointly and severally responsible for and will pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a trustee of an express trust. The Issuer will reimburse the Trustee upon request for all out-of-pocket expenses, disbursements and advances (including costs of collection) properly incurred or made by the Trustee, including the properly incurred compensation, expenses and disbursements of the Trustee's agents and counsel and other persons not regularly within its employ.
- 12.6.2 Each of the Issuer and the Parent Guarantor agrees to be jointly and severally responsible for and will indemnify the Trustee or any predecessor Trustee and their agents, employees, officers and directors for, and hold it harmless against, any loss or liability or properly incurred expense incurred without gross

negligence, willful misconduct or fraud on its part arising out of or in connection with the acceptance or administration of this Note Instrument and its duties under this Note Instrument, the Notes and the Parent Guarantee, as the case may be, including the properly incurred costs and expenses of defending itself against any claim or liability and of complying with any process served upon it or any of its officers in connection with the exercise or performance of any of its powers or duties under this Note Instrument, the Notes and the Parent Guarantee and the properly incurred compensation, expenses and disbursements of the Trustee's agents and counsel and other persons not regularly within the Trustee's employ.

- 12.6.3 This Clause 12.6 shall survive the redemption or maturity of the Notes, the termination of this Note Instrument, and the termination of the appointment of the Trustee.
- 12.6.4 To secure the Issuer's payment obligations in this Clause 12.6, the Trustee will have a lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except money or property held in trust to pay principal of, and interest on particular Notes.
- 12.6.5 All compensation and indemnity payments made by the Issuer and the Parent Guarantor to the Trustee for the sole account of the Trustee under this Note Instrument shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature (including related penalties, interest and other liabilities) (hereinafter, "**Taxes**") imposed or levied by or on behalf of the government of any jurisdiction in which the Issuer or the Parent Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC or any political subdivision or any authority or agency therein or thereof having power to tax, or any other jurisdiction in which any of the Issuer and the Parent Guarantor is organized or is otherwise resident for tax purposes. If any of the Issuer and the Parent Guarantor is so required by law or by regulation or governmental policy having the force of law to withhold or deduct any amount for or on account of Taxes imposed by any such jurisdiction from any payment made under or with respect to such payments to the Trustee, the Issuer shall pay such additional amounts as may be necessary so that the net amount received by the Trustee (including such additional amounts) after such withholding or deduction will not be less than the amount the Trustee would have received if such Taxes had not been withheld or deducted.
- 12.6.6 If an Event of Default shall have occurred, the Issuer shall pay to the Trustee additional remuneration calculated in accordance with time cost spent by the Trustee in performing its duties at the Trustee's standard charge-out rate or in the event of an amendment, consent or waiver in connection with the Notes or this Note Instrument at the request of the Issuer, or an event where the Trustee reasonably finds it expedient or necessary, or is requested by the Issuer to undertake duties which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Note Instrument, the Issuer will pay such additional remuneration as it may agree or, failing such agreement, as determined by an independent international merchant or investment bank (acting as an expert) selected by the Issuer and approved in writing by the Trustee. The expenses involved in such nomination and such merchant or investment bank's fee will be paid by the Issuer. The determination of such merchant or investment bank will be conclusive and binding on the Issuer and the Trustee.

12.7 Replacement of Trustee

- 12.7.1 (a) The Trustee may resign at any time by providing 60 days' prior written notice to the Issuer.
- (b) The Noteholders of a majority in principal amount of the outstanding Notes may remove the Trustee by providing 60 days' prior written notice to the Trustee, as applicable, and Holders of a majority in principal amount of the Notes may appoint a successor Trustee with the consent of the Issuer; provided that, if an Event of Default has occurred and is continuing, Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding will be entitled to replace the Trustee and appoint a new Trustee by (i) providing prior written notice to (and without consent from) the Issuer and (ii) providing 10 day's prior written notice to (and without consent from) the Trustee; provided further that such Holders may not replace the Trustee or appoint a new Trustee or if Holders of at least 50.0% in aggregate principal amount of the Notes object to such replacement or appointment.
- (c) The Issuer may remove the Trustee if: (1) the Trustee (or holding company thereof) is adjudged a bankrupt or an insolvent; (2) a receiver or other public officer takes charge of the Trustee or its property; or (3) the Trustee becomes incapable of acting.

A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Clause 12.7.3.

- 12.7.2 If the Trustee resigns or is removed by the Issuer, or if a vacancy exists in the office of Trustee for any reason, the Issuer will promptly appoint a successor Trustee. If the successor Trustee does not deliver its written acceptance within 30 days after the retiring Trustee resigns or is removed, (i) the retiring Trustee may recommend a successor Trustee to the Issuer for its approval, and, within 30 days from the date of recommendation by the retiring Trustee, the Issuer shall either approve and obtain written acceptance of appointment from such recommended Trustee or appoint another successor Trustee of its own choice and obtain written acceptance of appointment from such other successor Trustee, (ii) the retiring Trustee, the Issuer or the Noteholders of a majority in principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee or (iii) if the Issuer fails to fulfil its obligations under (i), the retiring Trustee may appoint another successor Trustee of its own choice.
- 12.7.3 Upon delivery by the successor Trustee of a written acceptance of its appointment to the retiring Trustee and to the Issuer, (i) the retiring Trustee will transfer all property and documents held by it as Trustee to the successor Trustee, subject to the lien provided for in Clause 12.6.4, (ii) the resignation or removal of the retiring Trustee will become effective, and (iii) the successor Trustee will have all the rights, powers and duties of the Trustee under this Note Instrument. Upon request of any successor Trustee, the Issuer will execute any and all instruments for fully vesting in and confirming to the successor Trustee all such rights, powers and trusts. The Issuer will give notice of any resignation and any removal of the Trustee and each appointment of a successor Trustee to all

Holders, and include in the notice the name of the successor Trustee and the address of its Corporate Trust Office.

- 12.7.4 Notwithstanding replacement of the Trustee pursuant to this Clause 12.7 the Issuer's obligations under Clause 12.6 will continue for the benefit of the retiring Trustee.
- 12.8 Successor Trustee by Consolidation, Merger, Conversion or Transfer.
 - 12.8.1 If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets (including the administration of the trust created by this Note Instrument) to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act will be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee in this Note Instrument.
- 12.9 Money Held in Trust.
 - 12.9.1 The Trustee will not be liable for interest on any money received by it except as it may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.
- 12.10 Notice of Possible Withholding Under FATCA.
 - 12.10.1 The Issuer shall notify the Trustee in the event that it determines that any payment to be made by an Agent under the Notes is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this Clause 12.10 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Notes, or both.
- 12.11 Mutual Undertaking Regarding Information Reporting and Collection Obligations.
 - 12.11.1 Each party to this Note Instrument (each a "**Party**") shall, within ten business days of a written request by another Party, supply to that other Party such forms, documentation and other information relating to it, its operations, or the Notes as that other Party reasonably requests for the purposes of that other Party's compliance with applicable law and shall notify the relevant other Party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such Party is (or becomes) inaccurate in any material respect; provided, however, that no Party shall be required to provide any forms, documentation or other information pursuant to this Clause 12.11 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Party and cannot be obtained by such Party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality.
- 12.12 Right to Withhold
 - 12.12.1 Notwithstanding any other provision of this Note Instrument, the Trustee shall be entitled to make a deduction or withholding from any payment which it makes

under the Notes for or on account of any Tax, if and only to the extent so required by applicable law, in which event the Agents shall make such payment after such deduction or withholding has been made and shall account to the relevant authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by applicable law for the purposes of this Clause 12.12.

12.13 Sanctions

12.13.1 The Parent Guarantor covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates are the target or subject of any sanctions enforced by the US Government, (including the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”)), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively “**Sanctions**”).

12.13.2 The Parent Guarantor covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates will use any payments made pursuant to this Note Instrument, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

13. DEPOSIT OF NOTE INSTRUMENT

The Issuer hereby acknowledges the right of every Noteholder to the production of this Note Instrument and shall ensure that copies of this Note Instrument are available for inspection by any Noteholder during office hours at the Specified Office.

14. STAMP DUTIES AND TAXES

The Issuer shall promptly pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Note Instrument, and shall upon demand indemnify each Noteholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which such Noteholder incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same by the Issuer.

15. BENEFIT OF NOTE INSTRUMENT

15.1 Deed Poll

This Note Instrument shall take effect as a deed poll for the benefit of the Noteholder(s) from time to time.

15.2 Benefit

This Note Instrument shall enure to the benefit of each Noteholder and its (and any subsequent) successors, assigns and transferees, each of which shall be entitled severally to enforce this Note Instrument against the Issuer.

15.3 Assignment

The Issuer shall not assign or transfer any of its rights or obligations under this Note Instrument without the prior consent in writing of the Noteholder(s).

The Noteholders may assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge or otherwise dispose in any manner whatsoever of the benefit of this Note Instrument and the Noteholder(s) may sub-contract or delegate in any manner whatsoever its performance under this Note Instrument.

16. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

17. NOTICES

17.1 A Notice under or in connection with this Note Instrument shall be:

- (a) in writing and in English; and
- (b) delivered personally, sent by fax with confirmation receipt followed by mail posted within 24 hours, sent by courier or sent by e-mail to the party due to receive the Notice at the facsimile number, address or e-mail address referred to in Clause 17.2 or such other facsimile number, address or e-mail address as a party may specify by notice in writing to the other parties received before the Notice was dispatched.

17.2 For the purposes of this Clause 17, a Notice shall be sent to the addresses, facsimile numbers or e-mail addresses and for the attention of those persons set out below:

- (a) in the case of the Issuer and the Parent Guarantor:

Address: Handian Industrial Park, Zouping, Shandong, 256209, PRC

Fax: N/A

E-mail address: chengq16263@126.com

Attention: Cheng Qiang

- (b) in the case of the Noteholder(s), the address in the Note Register, or to such other address, facsimile number or e-mail address as the relevant party may have notified to the other by not less than seven (7) days' written notice to the other party before the Notice was dispatched;

- (c) in the case of the Trustee:

Address: 17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Fax: +852 2599 9501

E-mail address: trustee@madisonpac.com

Attention: Cassandra Ho

- 17.3 Unless there is evidence that it was received earlier, a Notice is deemed given if:
- (a) delivered personally, when left at the address referred to in Clause 17.2;
 - (b) sent by courier, two (2) Business Days after posting it;
 - (c) sent by fax, when confirmation of its transmission has been recorded on the sender's fax machine; or
 - (d) sent by e-mail, upon receipt.
- 17.4 Copies of any notice or communication to a Noteholder, if given by the Issuer, will be mailed to the Trustee of the same time.
- 17.5 So long as the Notes are represented by the Global Note and the Global Note is held on behalf of Euroclear and/or Clearstream, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream for communication by it to entitled participants in substitution for notification as required under the Notes.
- 18. GOVERNING LAW AND JURISDICTION**
- 18.1 This Note Instrument is governed by and construed in accordance with and governed by the laws of Hong Kong.
- 19. MODIFICATION**
- 19.1 Without prejudice to Clause 19.2, all or any of the rights for the time being attached to the Note may from time to time (whether or not the Issuer is being dissolved or wound up) be altered or abrogated with the Noteholder(s)' approval (in accordance with Note Condition 13) and shall be effected by an instrument by way of deed poll executed by the Issuer and expressed to be supplemental to this Note Instrument.
- 19.2 Any Noteholder may, by notice in writing to the Issuer, request for modifications to the Note Instrument which are of a formal, minor or technical nature, or made to correct a manifest error, and in each case not affecting adversely the rights of the other Noteholder(s), if any, and upon receipt of such notice in writing the Issuer shall effect such modifications by an instrument by way of deed poll executed by the Issuer and expressed to be supplemental to this Note Instrument and notify all the Noteholder(s) in respect of the modifications. Any such modifications shall be binding on the Noteholder(s) and the Issuer.

SCHEDULE 1
FORM OF CERTIFICATED NOTE

**

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投資有限公司

(the “Issuer”)

*(a company incorporated with
limited liability under the laws of
the British Virgin Islands)*

THIS NOTE AND THE PARENT GUARANTEE RELATED TO THIS NOTE (COLLECTIVELY, THE “SECURITIES”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NONE OF THE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO

NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRANSFER AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

Certificate No: [•]

Date of Issue: [•]

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投資有限公司

(the “**Issuer**”)

*(a company incorporated with limited
liability under the laws of the British
Virgin Islands)*

US\$[•] 1% Enhanced Return Notes Due 2029

This Note Certificate is issued in respect of US\$[•] 1% Enhanced Return Notes (the “**Note**”) of KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有限公司 (the “**Issuer**”). The Note is constituted by a note instrument dated [•] 2024 (as amended and/or supplemented from time to time) and entered into by the Issuer (the “**Note Instrument**”), subject to the memorandum of association and articles of association of the Issuer.

THIS IS TO CERTIFY that the Noteholder named below is the registered holder of the Note (with such principal amount as specified in this Note Certificate). The Issuer promises to pay the person who appears at the relevant time on the register of Noteholder(s) as Noteholder of the Note in respect of which this Certificate is issued such amount or amounts as shall become due in respect of the Note and otherwise to comply with the terms and conditions of the Note Instrument (the “**Note Conditions**”).

This Note Certificate is evidence of entitlement only. Title to the Notes passes only on due registration on the register of Noteholders and only the duly registered Noteholder is entitled to payments on the Notes in respect of which this Note Certificate is issued.

This Note Certificate is issued pursuant to the Note Instrument. Words and expressions used in the Note Instrument and the Note Conditions have the same meanings when used in this Note Certificate.

Name of Noteholder: [•]
Address of Noteholder: [•]
Principal amount of Note: US\$[•]

This Note Certificate is governed by, and shall be construed in accordance with Hong Kong.

The **COMMON SEAL** of)
KNIGHT CASTLE INVESTMENTS LIMITED)
was hereunto affixed in the presence of:)

Name:
Title:

Certificate of Authentication

This is one of the 1% Enhanced Return Notes Due 2029 described in the Note Instrument referred to in this Note.

[REGISTRAR NAME]
(as Registrar)

By:

Name:
Title:

A COPY OF THE NOTE INSTRUMENT AND THE NOTE CONDITIONS MAY BE OBTAINED ON REQUEST FROM THE ISSUER AT THE SPECIFIED OFFICE. THE SCHEDULES PRINTED ON THE FOLLOWING PAGES FORM PART OF THIS NOTE CERTIFICATE.

PARENT GUARANTEE

The undersigned (the “Parent Guarantor”) hereby jointly and severally guarantees as principal obligor to each Noteholder and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The obligations of the Parent Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under the Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Note; (3) any change in the corporate existence, structure or ownership of the Issuer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or its assets or any resulting release or discharge of any obligation of the Issuer contained in the Note; (4) the existence of any claim, set off or other rights which the Parent Guarantor may have at any time against the Issuer any other person, whether in connection with the Note Instrument or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Issuer for any reason of the Note; or (6) any other act or omission to act or delay of any kind by the Issuer or any other person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent Guarantor’s obligations hereunder.

This Parent Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of the Parent Guarantor, or as otherwise contemplated in the Notes. In case of the failure of the Issuer punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, the Parent Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

Subject to certain exceptions as set forth in the Notes, the Parent Guarantor hereby further agrees that all payments of principal of, and premium (if any) and interest under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within the relevant jurisdictions, 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 Parent Guarantor agrees to pay such additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by such Noteholder had no such withholding or deduction been required.

The obligations of the Parent Guarantor to the Noteholder pursuant to this Parent Guarantee and the Notes are expressly set forth in Condition 6 of the Note Conditions, and reference is hereby made to such Note Conditions for the precise terms of the Parent Guarantee.

[Signature pages follow]

**SHANDONG SANXING GROUP COMPANY
LIMITED**

(山東三星集團有限公司)

(as Parent Guarantor)

By:

Name:

Title

FIRST SCHEDULE TO CERTIFICATED NOTE

Part A

EoD Redemption Notice

To: The Directors
KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投资有限公司

Date:

US\$[•] 1% Enhanced Return Notes Due 2029 (the “Note”)

Words and expressions used in the note instrument dated [•] 2024 (as amended and/or supplemented from time to time) entered into by KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投资有限公司 (the “**Issuer**”) to constitute the Note (the “**Note Instrument**”) and the terms and conditions of the Note contained in the Note Instrument have the same meanings when used in this notice.

Reference is made to Condition 10 of the Note Conditions, the relevant Event of Default being [•], we, being the undersigned Noteholder(s) of the Note of such principal amount specified below and evidenced by the Note Certificate(s) referred to below, hereby elect to have the Note of such principal amount redeemed.

1. DENOMINATED AMOUNT AND CERTIFICATE NUMBERS OF NOTE TO WHICH THIS NOTICE APPLIES:

denominated amount of note being redeemed:

.....

certificate number(s) of the

note:

2. PROPOSED EOD REDEMPTION DATE:

3. EOD REDEMPTION PRICE:

Signed by)
for and on behalf of)
[Name of Noteholder])

Part B

Early Redemption Notice

To: The Directors
KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司

Date:

US\$[•] 1% Enhanced Return Notes Due 2029 (the “Note”)

Words and expressions used in the note instrument dated [•] 2024 (as amended and/or supplemented from time to time) entered into by Knight Castle Investments Limited 爵堡投資有限公司 (the “**Issuer**”) to constitute the Note (the “**Note Instrument**”) and the terms and conditions of the Note contained in the Note Instrument have the same meanings when used in this notice.

Reference is made to Condition 8 of the Note Conditions. We, being the undersigned Noteholder(s) of the Note of such principal amount specified below and evidenced by the Note Certificate(s) referred to below, hereby elect to have the Note of such principal amount early redeemed.

1. DENOMINATED AMOUNT AND CERTIFICATE NUMBERS OF NOTE TO WHICH THIS NOTICE APPLIES:

Denominated amount of note being redeemed:

.....

Certificate number(s) of the note:

2. THE EARLY REDEMPTION PRICE MENTIONED ABOVE PAYABLE BY THE ISSUER WILL BE TRANSFERRED TO THE FOLLOWING BANK ACCOUNT:

Account no: ☐

Account name: ☐

Bank: ☐

delete and/or complete as appropriate

Signed by)
for and on behalf of)
[Name of Noteholder])

SECOND SCHEDULE TO CERTIFICATED NOTE
Terms and Conditions of the Note

NOTE: to be attached when the Note Certificate is being issued

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Paying Agent, Transfer Agent and Registrar

Citibank Europe Plc

[Address]

(End of Schedule 1 (Form of Certificated Note))

**

SCHEDULE 2

FORM OF TRANSFER CERTIFICATE

[Date]

Citibank Europe Plc
[Address]
as Transfer Agent

Re: Knight Castle Investments Limited 爵堡投资有限公司 1% Enhanced Return Notes due 2029
(the “Notes”)

Dear Sirs:

Reference is hereby made to the note instrument dated as of [●] 2024 (as amended from time to time, the “**Note Instrument**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Note Instrument.

_____ (the “**Transferor**”) owns and proposes to transfer the Note[s] or beneficial interest in Note[s] specified in Annex A hereto, in the principal amount of US\$_____ in such Note[s] or beneficial interests (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK]

☐ The amount of the Transfer is equal to or greater than US\$10,000

The Transferor further certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the Rule 144A Global Note or a Certificated Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”) and, accordingly, the Transferor hereby further certifies that the beneficial interest or Certificated Note is being transferred to a Person that the Transferor or any Person acting on its behalf reasonably believed and believes is purchasing the beneficial interest or Certificated Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act to whom notice has been given that the transfer is being made in reliance on Rule 144A in a transaction meeting the requirements of Rule 144A under the Securities Act and such Transfer is in compliance with all applicable securities laws of any other jurisdiction. Upon consummation of the proposed Transfer in accordance with the terms of the Note Instrument, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the legend printed on the Rule 144A Global Note and/or the Certificated Note and in the Note Instrument and the Securities Act.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Certificated Note pursuant to Rule 506.** The Transferor hereby certifies that the beneficial interest or the Certificated Note is being transferred to a Person that is an institutional “accredited investor” (“IAI”) within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that has provided the attached duly executed IAI Investment Letter (annexed as Annex B hereto) pursuant to an exemption from the registration requirements in the Securities Act and in compliance with all applicable securities laws of any other jurisdiction. Upon consummation of the proposed Transfer in accordance with the terms of the Note Instrument, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the legend printed on the IAI Global Note and/or the Certificated Note and in the Note Instrument and the Securities Act.
3. ☐ Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Certificated Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Regulation S under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and such Transferor or any person acting on its behalf does not know that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in connection with the Transfer in contravention of the requirements of Rule 903(a)(2) or Rule 904(a)(2) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and (iv) such Transfer is in compliance with all applicable securities laws of any other jurisdiction. If the Transferee is a person in a member state of the European Economic Area which has implemented the Prospectus Directive, the Transferor further certifies that it reasonably believes such person to be a “qualified investor” within the meaning of the law in the relevant member state implementing article 2(1)(e) of the Prospectus Directive. Upon consummation of the proposed Transfer in accordance with the terms of the Note Instrument, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the legend printed on the Regulation S Global Note and/or the Certificated Note and in the Note Instrument and the Securities Act.
4. ☐ Check and complete if Transferee will take delivery of a beneficial interest in a Global Note or a Certificated Note pursuant to any other exemption provision of the Securities Act. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Global Notes and Certificated Notes and pursuant to and in accordance with the Securities Act and all applicable securities laws of any other jurisdiction.

You, the Issuer and the Parent Guarantor are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

ANNEX A TO TRANSFER CERTIFICATE

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE]

- (a) a beneficial interest in the:
- (i) ☐ Rule 144A Global Note (XS[●]/[●]); or
 - (ii) ☐ IAI Global Note (XS[●]/[●]); or
 - (iii) ☐ Regulation S Global Note (XS[●]/[●]); or
- (b) ☒ a Certificated Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) a beneficial interest in the:
- (i) ☐ Rule 144A Global Note (XS[●]/[●]); or
 - (ii) ☐ IAI Global Note (XS[●]/[●]); or
 - (iii) ☐ Regulation S Global Note (XS[●]/[●]); or
- (b) ☐ a Certificated Note,

in accordance with the terms of the Note Instrument.

**ANNEX B TO TRANSFER CERTIFICATE
FORM OF IAI INVESTMENT LETTER**

[Date]

To: Knight Castle Investments Limited

爵堡投資有限公司 (as the Issuer)

Citibank Europe Plc (as the Registrar)

Dear Sirs or Madams,

Reference is hereby made to the note instrument dated as of [●] 2024 (as amended from time to time, the “Note Instrument”) among Knight Castle Investments Limited 爵堡投資有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山東三星集團有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Note Instrument. In connection with our proposed purchase of *[insert Specified Currency and nominal amount of Notes]* aggregate nominal amount of Notes, we represent and warrant as follows:

1. We have received such information as we deem necessary in order to make our investment decision.
2. We understand that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Note Instrument and the Notes and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the United States Securities Act of 1933, as amended (the “**Securities Act**”).
3. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, not to offer, sell or otherwise transfer such Notes except (A) to the Company or one of its subsidiaries, (B) pursuant to a registration statement which has been declared effective under the Securities Act, (C) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act (“**Rule 144A**”), to a person we reasonably believe is a “qualified institutional buyer” as defined in Rule 144A that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A, (D) to an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that, before such transfer, furnishes to the Company a signed letter, substantially identical to this letter, containing certain representations and agreements relating to the transfer of the Notes, (E) outside the United States in compliance with Regulation S of the Securities Act, or (F) pursuant to any other available exemption from the registration requirements of the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. We understand that, on any proposed resale of any Notes, we and each subsequent holder will be required to deliver to the transferee of the Notes or any interest or participation therein a notice substantially to the foregoing effect.
4. We understand that, on any proposed resale of any Notes, we will be required to furnish to the Company such certifications, legal opinions, and other information (including a letter substantially similar to this one from any purchaser who is an institutional accredited

investor) as it may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to substantially the foregoing effect.

5. We invest or purchase securities similar to the Notes in the normal course of our business.
6. We are an institution that is an accredited investor within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we act are each able to bear the economic risk of our own or of any such accounts' investment for an indefinite period of time.
7. We are acquiring the Notes for our own account or for one or more accounts (each of which is an institutional accredited investor) as to each of which we exercise in our sole investment discretion and not with a view to any distribution of the Notes in violation of the Securities Act, subject, nevertheless, to the understanding that the disposition of our property will at all times be and remain within our control.
8. We are acquiring the Notes having at least the minimum purchase price set forth in the applicable terms under the IAI Global Note and/or IAI Certificated Note.

[Insert name of Transferee]

By:

—
Name:

—
Title:

—

Very truly yours,
[Name of Transferor]

By:

Authorized Signature

SCHEDULE 3

FORM OF GLOBAL NOTE

**

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投资有限公司

(the “Issuer”)

*(a company incorporated with
limited liability under the laws of
the British Virgin Islands)*

THIS NOTE AND THE PARENT GUARANTEE RELATED TO THIS NOTE (COLLECTIVELY, THE “SECURITIES”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NONE OF THE SECURITIES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, [in the case of Rule 144A Global Notes: REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)] [in the case of Regulation S Global Notes: REPRESENTS THAT IT IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO REGULATION S UNDER THE SECURITIES ACT] [in the case of IAI Global Notes: REPRESENTS THAT IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT)] AND AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, [in the case of the Rule 144A Global Note and the IAI Global Note: BEFORE THE RESALE RESTRICTION TERMINATION DATE, WHICH IS ONE YEAR AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [in the case of the Regulation S Global Notes: 40 DAYS AFTER THE LATER OF THE ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ONE OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT, BEFORE SUCH TRANSFER, DELIVERS TO THE TRANSFER AGENT A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRANSFER AGENT) RELATING TO THE

RESTRICTIONS ON TRANSFER OF THIS SECURITY, (E) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSAL OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRANSFER AGENT'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES THAT IT SHALL NOT TRANSFER THE SECURITIES IN AN AMOUNT LESS THAN US\$10,000.

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF [Name of entity], AS COMMON DEPOSITARY ("COMMON DEPOSITARY") FOR EUROCLEAR BANK SA/NV ("EUROCLEAR") OR CLEARSTREAM BANKING S.A. ("CLEARSTREAM") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY (AND ANY PAYMENT IS MADE TO THE COMMON DEPOSITARY OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE COMMON DEPOSITARY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, THE COMMON DEPOSITARY, HAS AN INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE NOTE INSTRUMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE COMMON DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGEABLE IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH COMMON DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE NOTE INSTRUMENT.

ISIN Number: XS[•]

Common Code: [•]

Certificate No: [•]

Date of Issue: [•]

KNIGHT CASTLE INVESTMENTS LIMITED

爵堡投資有限公司

(the “Issuer”)

*(a company incorporated with
limited liability under the laws of
the British Virgin Islands)*

US\$[•] 1% Enhanced Return Notes Due 2029

This Note Certificate is issued in respect of US\$[•] 1% Enhanced Return Notes (the “**Note**”) of KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有限公司 (the “**Issuer**”). The Note is constituted by a note instrument dated [•] 2024 (as amended and/or supplemented from time to time) and entered into by the Issuer (the “**Note Instrument**”), subject to the memorandum of association and articles of association of the Issuer.

THIS IS TO CERTIFY that the Noteholder named below is the registered holder of the Note (with such principal amount as specified in this Note Certificate). The Issuer promises to pay [•] as nominee of the common depository, or registered assigns for Euroclear Bank SA/NV and Clearstream Banking S.A., such amount or amounts as shall become due in respect of the Note and otherwise to comply with the terms and conditions of the Notes (the “**Note Conditions**”).

This Note Certificate is evidence of entitlement only. Title to the Notes passes only on due registration on the register of Noteholders and only the duly registered Noteholder is entitled to payments on the Notes in respect of which this Note Certificate is issued.

This Note Certificate is issued pursuant to the Note Instrument. Words and expressions used in the Note Instrument and the Note Conditions have the same meanings when used in this Note Certificate.

Name of Noteholder: [Common Depository]

Principal amount of Note: US\$[•]

This Note Certificate is governed by, and shall be construed in accordance with Hong Kong.

The **COMMON SEAL** of)
KNIGHT CASTLE INVESTMENTS LIMITED)
was hereunto affixed in the presence of:)

Name:

Title:

Certificate of Authentication

This is one of the 1% Enhanced Return Notes Due 2029 described in the Note Instrument referred to in this Note.

[REGISTRAR NAME]
(as Registrar)

By:

Name:
Title:

A COPY OF THE NOTE INSTRUMENT AND THE NOTE CONDITIONS MAY BE OBTAINED ON REQUEST FROM THE ISSUER AT THE SPECIFIED OFFICE. THE SCHEDULES PRINTED ON THE FOLLOWING PAGES FORM PART OF THIS NOTE CERTIFICATE.

PARENT GUARANTEE

The undersigned (the “**Parent Guarantor**”) hereby jointly and severally guarantees as principal obligor to each Noteholder and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The obligations of the Parent Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by: (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under the Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Note; (3) any change in the corporate existence, structure or ownership of the Issuer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or its assets or any resulting release or discharge of any obligation of the Issuer contained in the Note; (4) the existence of any claim, set off or other rights which the Parent Guarantor may have at any time against the Issuer any other person, whether in connection with the Note Instrument or any unrelated transactions; *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Issuer for any reason of the Note; or (6) any other act or omission to act or delay of any kind by the Issuer or any other person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent Guarantor’s obligations hereunder.

This Parent Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, and interest on the Notes and all other amounts payable, in respect of the Parent Guarantor, or as otherwise contemplated in the Notes. In case of the failure of the Issuer punctually to pay any such principal of, premium, if any, and interest on the Notes and all other amounts payable, the Parent Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

Subject to certain exceptions as set forth in the Notes, the Parent Guarantor hereby further agrees that all payments of principal of, and premium (if any) and interest under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within the relevant jurisdictions, 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 Parent Guarantor agrees to pay such additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by such Noteholder had no such withholding or deduction been required.

The obligations of the Parent Guarantor to the Noteholder pursuant to this Parent Guarantee and the Notes are expressly set forth in Condition 6 of the Note Conditions, and reference is hereby made to such Note Conditions for the precise terms of the Parent Guarantee.

[Signature pages follow]

**SHANDONG SANXING GROUP COMPANY
LIMITED**

(山東三星集團有限公司)

(as Parent Guarantor)

By: _____

Name:

Title:

FIRST SCHEDULE TO GLOBAL NOTE

Part A

EoD Redemption Notice

To: The Directors
KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司

Date:

US\$[•] 1% Enhanced Return Notes Due 2029 (the “Note”)

Words and expressions used in the note instrument dated [•] 2024 (as amended and/or supplemented from time to time) entered into by KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有限公司 (the “**Issuer**”) to constitute the Note (the “**Note Instrument**”) and the terms and conditions of the Note contained in the Note Instrument have the same meanings when used in this notice.

Reference is made to Condition 10 of the Note Conditions, the relevant Event of Default being [•], we, being the undersigned Noteholder(s) of the Note of such principal amount specified below and evidenced by the Note Certificate(s) referred to below, hereby elect to have the Note of such principal amount redeemed.

1. DENOMINATED AMOUNT AND CERTIFICATE NUMBERS OF NOTE TO WHICH THIS NOTICE APPLIES:

Denominated	Amount of Note	being redeemed:

.....

Certificate number(s) of the Note:

2. **PROPOSED EOD REDEMPTION DATE:**

3. EOD REDEMPTION PRICE:

Signed by _____)
for and on behalf of _____)
[Name of Noteholder] _____)

Part B

Early Redemption Notice

To: The Directors
KNIGHT CASTLE INVESTMENTS LIMITED
爵堡投資有限公司

Date:

US\$[•] 1% Enhanced Return Notes Due 2029 (the “Note”)

Words and expressions used in the note instrument dated [•] 2024 (as amended and/or supplemented from time to time) entered into by Knight Castle Investments Limited 爵堡投資有限公司 (the “**Issuer**”) to constitute the Note (the “**Note Instrument**”) and the terms and conditions of the Note contained in the Note Instrument have the same meanings when used in this notice.

Reference is made to Condition 8 of the Note Conditions. We, being the undersigned Noteholder(s) of the Note of such principal amount specified below and evidenced by the Note Certificate(s) referred to below, hereby elect to have the Note of such principal amount early redeemed.

1. DENOMINATED AMOUNT AND CERTIFICATE NUMBERS OF NOTE TO WHICH THIS NOTICE APPLIES:

Denominated Amount of Note being redeemed:

.....

Certificate number(s) of the Note:

2. THE EARLY REDEMPTION PRICE MENTIONED ABOVE PAYABLE BY THE ISSUER WILL BE TRANSFERRED TO THE FOLLOWING BANK ACCOUNT:

Account no:

[] Account

name: Bank:

* delete and/or complete as appropriate

Signed by _____)
for and on behalf of _____)
[Name of Noteholder] _____)

SCHEDULE OF CHANGES OF NOTES

The following changes in the aggregate principal amount of Notes represented by this Global Note have been made:

Date of Decrease/ Increase	Amount of decrease in aggregate principal amount of the Notes	Amount of increase in aggregate principal amount of the Notes	Outstanding Balance

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Paying Agent, Transfer Agent and Registrar
Citibank Europe Plc
[Address]

SECOND SCHEDULE TO GLOBAL NOTE
Terms and Conditions of the Note

NOTE: to be attached when the Note Certificate is being issued

(End of Schedule 3 (*Form of Global Note*))

**

SCHEDULE 4

TERMS AND CONDITIONS OF THE NOTE

The issue of US\$[●] 1% Enhanced Return Notes due 2029 (the “**Note**”) of **KNIGHT CASTLE INVESTMENTS LIMITED** 爵堡投资有限公司 (the “**Issuer**”), a company incorporated in the British Virgin Islands, was authorized by a resolution of the board of directors of the Issuer dated [●] 2024. The Note is constituted by a note instrument (as amended and/or supplemented from time to time, the “**Note Instrument**”) dated [●] 2024 (the “**Issue Date**”) and entered into by the Issuer, the Parent Guarantor and are subject to the terms set out in these terms and conditions of the Notes (the “**Note Conditions**”). Unless otherwise defined in these Note Conditions, terms defined in the Note Instrument have the same meaning when used in these Note Conditions.

1. AMOUNT AND ISSUE OF THE NOTES

- 1.1 The aggregate principal amount of the Notes is US\$[●].
- 1.2 Each Note shall be issued subject to and in accordance with the terms of these Note Conditions and shall be binding on the Issuer and shall enure for the benefit of the Noteholders.
- 1.3 The Issuer shall pay all capital, transfer or stamp duties (if any) on the issue of the Notes and the initial delivery of the Notes.

2. COVENANT TO PAY

- 2.1 The Issuer will on any day on which the Notes or any portion thereof become due unconditionally pay to, or cause to be paid to, or to the order of the Noteholder(s) in US\$ in immediately available funds such amount payable in respect of the Notes becoming due on that date, calculated in accordance with the Note Conditions together with any applicable premium (if any) and will (subject to the Note Conditions) until such payment (both before and after judgment) unconditionally pay to, or to the order of, the Noteholders, interest in US\$ accrued and payable as calculated in accordance with the Note Conditions.
- 2.2 Save as provided herein, the Notes may not be repaid or otherwise redeemed.

3. FORM, DENOMINATION, STATUS

- 3.1 Form and denomination

Each Note is issued in registered form of an amount (the “**Denominated Amount**”) of a minimum of US\$10,000 and integral multiples thereof (an “**Authorized Holding**”). A Note Certificate will be issued to each Noteholder in respect of its registered holding of Note. Each Note Certificate will be numbered serially with an identifying number which will be recorded on the relevant Note Certificate and in the register of Noteholder(s) (the “**Note Register**”) kept by the Registrar.

- 3.2 Status of the Note

The Note constitutes direct, unconditional, unsecured obligations of the Issuer which will at all times rank pari passu without any preference or priority among themselves.

4. NOTE REGISTER, TITLE AND TRANSFERS

- 4.1 The Notes are in registered form in denominations of US\$10,000 and any multiple of US\$1,000 in excess thereof. A Noteholder may register the transfer or exchange of Notes in accordance with the Note Instrument. The Registrar may require a Noteholder to furnish

appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Note Instrument. Pursuant to the Note Instrument, there are certain periods during which the Registrar will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. COVENANTS

5.1 Notice of Event of Default

The Issuer shall, as soon as possible and in any event within three (3) Business Days after the Issuer becomes aware of any Event of Default or potential Event of Default, deliver to the Noteholder(s) a written notice signed by an Officer setting forth the details of the Event of Default or potential Event of Default, and the action which the Issuer proposes to take with respect thereto.

5.2 Negative Pledge

For so long as the Note remains outstanding, the Issuer shall not, and the Issuer and the Parent Guarantor shall ensure that each of the Group Companies shall not, create or permit to subsist or arise any Encumbrance upon the whole or any part of their respective present or future assets, or revenues to secure any Indebtedness or to provide any guarantee or indemnity in respect of any Indebtedness of any person, unless at the same time or prior thereto the Issuer's obligations under the Notes and the New Notes are secured equally and ratably therewith or by such other security, guarantee or indemnity or other arrangement as shall be approved by the Noteholder(s) and the New Notes Trustee (acting upon instructions of the Majority New Notes Holders), provided that this Note Condition does not apply to any Encumbrance created under or approved pursuant to the New Notes Indenture.

5.3 Future security, guarantee, or indemnity

For so long as the Note remains outstanding, the Issuer shall not, and the Issuer and the Parent Guarantor shall ensure that none of the Group Companies shall, create or permit to subsist or arise any security, guarantee, indemnity or arrangements in respect of the Issuer's obligations under the Notes (except for the Parent Guarantee), unless at the same time or prior thereto, the Issuer's obligations under the New Notes are secured, guaranteed or indemnified equally and ratably therewith or by such other security, guarantee or indemnity or other arrangement as shall be approved by the New Notes Trustee (acting upon instructions of the Majority New Notes Holders).

5.4 Undertakings relating to IPO

5.4.1 The Issuer agrees and undertakes to the Noteholder(s) that it shall use its best endeavours to procure the Company (and/or the holding company of the Company which shall be the listing vehicle) to achieve an occurrence of an IPO and Listing.

5.4.2 To facilitate the completion of an IPO, the Issuer will, and will procure the Company (and/or the holding company of the Company which shall be the listing vehicle) to use their respective best endeavours to remedy any practice which the relevant authorities, any potential sponsor, or any of their advisers reasonably believes may have an adverse effect on the ability of the Company (and/or the holding company of the Company which shall be the listing vehicle) to complete the IPO.

5.5 Foreign Debt Registration

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted to SAFE the requisite documents and information pursuant to the Administrative Measures for Foreign Debt Registration (Hui Fa [2013] No. 19) (《外債登記管理辦法》) (匯發[2013]19號) issued by the SAFE, effective as of 13 May 2013 and as amended on 4 May 2015 and its operating guidelines issued by the SAFE and the Circular of the People's Bank of China on Matters Concerning Macro-prudential Management on Overall Cross-border Financing (Yin Fa [2017] No. 9) (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) (銀發[2017]9號) promulgated by the People's Bank of China (the "Foreign Debt Registration") and (ii) use all best endeavours to complete the Foreign Debt Registration and obtain a registration certificate or filing evidence (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline.

5.6 Notification of Completion of the Foreign Debt Registration

- 5.6.1 The Issuer shall before the Registration Deadline and within ten Registration Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), (i) provide the Trustee with (A) a certificate in English signed by an Officer of the Issuer confirming the completion of the Foreign Debt Registration and (B) copies of the relevant documents evidencing the completion of the Foreign Debt Registration, each certified in English as a true and complete copy of the original by an Officer of the Issuer (the certificate and documents described in (A) and (B) together, the "**Registration Documents**") and (ii) give notice in English to the Bondholders confirming the completion of the Foreign Debt Registration.
- 5.6.2 The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to enquire, monitor or ensure or assist with the completion of the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, completeness, content, validity and/or genuineness of the Registration Documents and any other documents in relation to or in connection with the Foreign Debt Registration, or to translate or procure that any Registration Document is translated into English or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, and shall not be liable to the Bondholders or any other person for not doing so.

5.7 Financial Information

- 5.7.1 So long as any of the Notes remain outstanding, the Issuer and the Parent Guarantor will file with the Trustee and make available on the transaction website ([https:// www.dfkingltd.com/sanxing/](https://www.dfkingltd.com/sanxing/)) (access to which shall not require any confidentiality or non-disclosure agreements) and/or through the clearing system, and furnish to the Noteholders upon request:
- (a) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Parent Guarantor, copies of the financial statements on a consolidated basis of the Parent Guarantor in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of a nationally or internationally recognized firm of independent accountants together with an English translation thereof; and

- (b) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of each fiscal year of the Parent Guarantor, copies of the financial statements on a consolidated basis of the Parent Guarantor in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP together with an English translation thereof,

5.7.2 All financial statements provided under this Condition 5.8 shall be accompanied by explanatory notes (i) comprising a summary of significant accounting policies, (ii) providing a relevant description of the items presented in the primary financial statements and of unrecognized arrangements, claims against and rights of the entity that exist at the reporting date, (iii) disclosing information about other past events and current conditions and circumstances that can affect an entity's cash flows, (iv) disclosing other information required by GAAP that is not presented elsewhere in the financial statements, and (v) providing information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

5.7.3 Subject to the operating rules of the relevant clearing system, the Issuer undertakes that there will be no restrictions on the accessibility of the financial statements provided under this Condition 5.8 based on the possession of material non-public information by holders of the Notes. The Trustee will procure the clearing systems to keep the financial reports available for a minimum period of six months, or until the release of the subsequent set of financial reports, whichever occurs first.

6. PARENT GUARANTEE

6.1 Parent Guarantee

Subject to the provisions of this Condition 6, the Parent Guarantor hereby jointly and severally guarantees as principal obligor to each Noteholder and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Note and the Note Instrument.

6.2 Guarantee Unconditional

The obligations of the Parent Guarantor hereunder are unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- 6.2.1 any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Issuer under the Note Instrument or any Note, by operation of law or otherwise;
- 6.2.2 any modification or amendment of or supplement to the Note Instrument or any Note;
- 6.2.3 any change in the corporate existence, structure or ownership of the Issuer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Issuer or its assets or any resulting release or discharge of any obligation of the Issuer contained in the Note or the Note Instrument;
- 6.2.4 the existence of any claim, set off or other rights which the Parent Guarantor may have at any time against the Issuer, the Trustee or any other person, whether in

connection with the Note Instrument or any unrelated transactions; provided that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

6.2.5 any invalidity, irregularity, or unenforceability relating to or against the Issuer for any reason of the Note Instrument or any Note; or

6.2.6 any other act or omission to act or delay of any kind by the Issuer, the Trustee or any other person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent Guarantor's obligations hereunder.

6.3 Discharge; Reinstatement

The Parent Guarantor's obligations hereunder shall remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Issuer under the Note Instrument have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Issuer under the Note Instrument is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Issuer or otherwise, the Parent Guarantor's obligations hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time. All payments under the Parent Guarantee shall be made in U.S. dollars.

6.4 Waiver by the Parent Guarantor

The Parent Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any person against the Issuer or any other person.

6.5 Subrogation and Contribution

Upon making any payment with respect to any obligation of the Issuer under this Condition, the Parent Guarantor will be subrogated to the rights of the payee against the Issuer with respect to such obligation; provided that the Parent Guarantor may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from the Issuer, with respect to such payment so long as any amount payable by the Issuer hereunder or under the Notes remains unpaid.

6.6 Stay of Acceleration

If acceleration of the time for payment of any amount payable by the Issuer under the Note is stayed upon the insolvency, bankruptcy or reorganization of the Issuer, all such amounts otherwise subject to acceleration under the terms of this Note are nonetheless payable by the Parent Guarantor hereunder forthwith on demand by the Trustee or the Noteholders.

6.7 Ranking of Parent Guarantee

The Parent Guarantee is:

6.7.1 a general obligation of the Parent Guarantor;

6.7.2 senior in right of payment to any existing and future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;

- 6.7.3 at least pari passu with all other unsecured, unsubordinated obligations of the Parent Guarantor (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law);
 - 6.7.4 effectively subordinated to all existing and future obligations of the subsidiaries of the Parent Guarantor; and
 - 6.7.5 effectively subordinated to all existing and future secured obligations of the Parent Guarantor, to the extent of the value of the assets securing such obligations.
- 6.8 Execution of the Parent Guarantee
- The execution by the Parent Guarantor of the Note evidences the Parent Guarantee, whether or not the person signing as an officer of the Parent Guarantor still holds that office at the time of authentication of any Note.
- 6.9 Release of the Parent Guarantee.
- 6.9.1 The Parent Guarantee shall be released upon repayment in full of the Notes.
 - 6.9.2 No release and discharge of the Parent Guarantee will be effective against the Trustee, any Agent or the Noteholders if an Event of Default shall have occurred and be continuing under this Note as of the time of such proposed release and discharge until such time as such Event of Default is cured or waived.

At the request of the Issuer or the Parent Guarantor, the Trustee will execute and deliver an instrument evidencing such release and discharge and do all such other acts and things necessary to release the Parent Guarantor's obligations hereunder.

7. **INTEREST**

- 7.1 Subject to other provisions in this Condition 7, the Note bears interest from the Issue Date, at the rate of 1% per annum over a 360-days year based on the number of days elapsed, payable in arrears on 30 July and 30 January of each calendar year, commencing from 30 July 2024, with any remaining accrued interest payable on the Maturity Date (for the purpose hereof each a “**Interest Payment Date**”), subject as provided in Condition 12 (*Payments*).
- 7.2 Subject to Condition 5.4, interest will cease to accrue:
 - 7.2.1 (in the event of the redemption upon Event of Default in accordance with the provisions of Condition 10) on the outstanding principal amount of the Note with effect from the EoD Redemption Date and the relevant interest payable shall be paid on the relevant EoD Redemption Date;
 - 7.2.2 (in the event of an early redemption in accordance with the provisions of Condition 8) on the outstanding principal amount of the Note which is subject to such redemption with effect from the Early Redemption Date and the relevant interest accrued payable but unpaid shall be extinguished on the Early Redemption Date; or
 - 7.2.3 (in the event of a redemption at Maturity in accordance with the provisions of Condition 9) on the outstanding principal amount of the Note with effect from the Maturity Date;

provided that, in each case, if payment of any such amount due is withheld or refused by the Issuer, or if the Issuer otherwise defaults on the payment of any such amount, interest will continue to accrue on such outstanding amount due at the rate aforesaid (after as well as

before any judgment) from the date of non-payment up to but excluding the date on which all sums due in respect of any Notes are paid to the relevant Noteholder(s) (the “**Continuing Interest**”).

8. EARLY REDEMPTION UPON LISTING

8.1 Subject to Conditions 8.2 and 12 below, the Noteholder(s) shall have the right to require the Issuer redeem all (but not any part) the outstanding principal amount of the Note (the “**Early Redemption Amount**”) at the Early Redemption Price (as defined below) prior to the Maturity Date in the following circumstances (each an “**Early Redemption Event**”):

8.1.1 at any time within 30 days upon the completion of an IPO; or

8.1.2 at any time within 30 days after the end of the first anniversary of the date of Listing of the Company Shares.

For the purpose hereof:

“**Early Redemption Price**” payable by the Issuer shall, subject to Condition 12, be the US\$ equivalent of:

- (a) in the case of Condition 8.1.1, the sum of (i) 100% of the Early Redemption Amount, plus (ii) the number of Deemed Exchange Shares deemed to be held by the relevant Noteholder multiplied by the price difference between (1) such price per Deemed Exchange Share at the IPO Offer Price minus (2) the Reference Price per Deemed Exchange Share; or
- (b) in the case of Condition 8.1.2, the sum of (i) 100% of the Early Redemption Amount, and (ii) the number of Deemed Exchange Shares deemed to be held by the relevant Noteholder multiplied by the price difference between (1) such price per Deemed Exchange Share at the average closing price of the Company Shares for the Trading Days within sixty (60) consecutive on the anniversary of the date of Listing of the Company Shares minus (2) the Reference Price per Deemed Exchange Share.

The number of “**Deemed Exchange Shares**” shall be calculated based on (A) the quotient of (a) the Early Redemption Amount, and (b) the price of RMB5.00 per Deemed Exchange Share (prior to any capital adjustment, increase or reorganization or additional issue of shares (including any capitalization issue) in connection with the Listing) and (B) with necessary adjustments such that the Deemed Exchange Shares upon the Listing shall represent the same percentage of deemed shareholding interest in the Company based on (A) above.

[For the purposes of this paragraph and for illustrative purpose only, assuming an exchange rate of RMB[7.25] per USD, the total notional value of the Notes calculated in RMB at the Reference Price would be RMB[●] million (the “**Maximum Notional Amount**”).

The net asset value of the Company was [RMB2,438 million] as of [31 December 2022] (audited) and [RMB2,676] as at [31 March 2023] (unaudited). Assuming a current price-to-book valuation of 1.12x, or RMB3,000 million, the Maximum Notional Amount would be equivalent to 21.43% of the net asset value of the Company as at [31 March 2023].]

Any calculation of the Early Redemption Price and the number of the Deemed Exchange Shares by the Issuer shall be final, conclusive and binding save in the case of manifest error.

- 8.2 Notwithstanding Condition 8.1, in the event that (as the case may be):
- 8.2.1 (in the case of Condition 8.1.1) the price per Deemed Exchange Share at the IPO Offer Price is lower than the Reference Price per Deemed Exchange Share; or
 - 8.2.2 (in the case of Condition 8.1.2) the price per Deemed Exchange Share at the average closing price of the Company Shares for the Trading Days within sixty (60) consecutive on the anniversary of the date of Listing of the Company Shares is lower than the Reference Price per Deemed Exchange Share,
- the Noteholder shall not be entitled to exercise the right of early redemption under this Condition 8.
- The right of early redemption under this Condition 8 shall lapse upon the expiry of the stipulated period of the relevant Early Redemption Event in Conditions 8.1.1 and 8.1.2.
- 8.3 For the avoidance of doubt, the Issuer shall not be required to pay to such Noteholder any accrued but unpaid interest on the outstanding principal amount of the Note redeemed in accordance with this Condition 8.
- 8.4 Early redemption procedures of the Notes
- 8.4.1 A Noteholder may upon an Early Redemption Event and within the relevant period at their discretion deliver a notice of redemption in writing substantially in the form set out in Part B of the first schedule to the Note Certificate (“**Early Redemption Notice**”) to the Issuer.
 - 8.4.2 The Issuer (or its nominee) shall pay the Early Redemption Amount to the Noteholder within sixty (60) days after the end of the relevant stipulated period of the relevant Early Redemption Event in Conditions 8.1.1 and 8.1.2 (such date of payment being the “**Early Redemption Date**”), provided that, to the extent that a mandatory redemption upon occurrence of a Listing Event (as defined in the New Notes Indenture) pursuant to Section 3.04(a) of the New Notes Indenture has not occurred, the Early Redemption Date shall be automatically postponed to and until the first Business Day falling after the Listing Event Redemption Date (as defined in the New Notes Indenture).
 - 8.4.3 From and after the payment in full by the Issuer of the Early Redemption Amount for all outstanding Note requested to be redeemed by the holder(s) thereof, the Note requested by the holder thereof to be redeemed will no longer be outstanding or deemed to be outstanding; and all powers, designations, preferences and other rights of the holder thereof as a holder of such Note shall cease and terminate.
 - 8.4.4 Following early redemption of any Notes pursuant to this Condition 8, the relevant early redeemed Note shall be cancelled forthwith and may not be re-issued or re-sold, and the Note Certificates shall be surrendered to the Issuer shall be destroyed and the Noteholder’s name shall be removed from the Note Register.

9. REDEMPTION AT MATURITY

- 9.1 Unless previously redeemed, or purchased and cancelled in accordance with the Note Conditions, the Note will be redeemed at such amount specified in Condition 9.2 on the Maturity Date, subject as provided in Condition 12 (*Payments*).
- 9.2 The redemption price payable by the Issuer to a Noteholder upon redemption under Condition 9.1 (“**Maturity Redemption Amount**”) (exclusive of any accrued and unpaid default interest which shall be payable in addition to the Maturity Redemption Amount) shall be the aggregate principal amount of such outstanding amount of the Note plus any accrued and unpaid interest.

10. REDEMPTION UPON EVENT OF DEFAULT

- 10.1 Subject to Condition 10.9 and Condition 12 (*Payments*), and save as otherwise consented to or waived by the Noteholder(s), if any event set out in Condition 10.4 (each an “**Event of Default**”) occurs at any time on or after the Issue Date, the Trustee may issue an EoD Redemption Notice to the Issuer to require the Issuer to redeem all or part of the outstanding Note it holds at that time and such relevant amounts of the Note shall immediately become due and repayable at the EoD Redemption Price.
- 10.2 The EoD Redemption Price payable by the Issuer upon redemption under this Condition 10 (Redemption upon Event of Default) due to an Event of Default shall be the aggregate principal amount of such outstanding amount of the Note, plus any accrued and unpaid interest (the “**EoD Redemption Price**”).
- 10.3 A form of notice (the “**EoD Redemption Notice**”) to be issued is set out in Part A to the first schedule to the Note Certificate. The EoD Redemption Notice shall specify, among other things, the following:
- 10.3.1 a description of the relevant Event of Default, by reference to the relevant paragraph(s) in Condition 10.4;
 - 10.3.2 the relevant amount of the outstanding Note required to be redeemed;
 - 10.3.3 the proposed date of redemption (which shall be at least five (5) days after the delivery of the EoD Redemption Notice) (the “**EoD Redemption Date**”); and
 - 10.3.4 the EoD Redemption Price plus any default interest payable by the Issuer,
- whereupon the Issuer shall on the EoD Redemption Date pay or cause to be paid to the Paying Agent the EoD Redemption Price specified in the EoD Redemption Notice. The EoD Redemption Price payable by the Issuer under this Condition 10 (Redemption upon Event of Default) shall be paid in US\$ in immediately available funds.
- 10.4 An Event of Default means any of the following events:
- 10.4.1 Non-payment: the Issuer fails to pay any amount of principal in respect of the Note on the due date for payment thereof or fails to pay any amount of interest in respect of the Note on the due date for payment thereof;
 - 10.4.2 Breach of Covenants: any obligor (other than the Noteholders) defaults in the performance of any covenant or undertaking under this Note Instrument and any documents in connection herewith;
 - 10.4.3 Breach of other terms or obligations: the Issuer defaults in the performance or observance of any other terms of the Note Instrument (including any Note

Condition) which are binding on it, or of its other obligations under or in respect of the Note, and such default (i) is incapable of remedy or (ii) being a default which is, in the opinion of the Noteholder(s), capable of remedy, remains unremedied for 5 days (or such longer period as the Noteholder(s) may agree) after the Noteholder(s) has given written notice thereof to the Issuer;

- 10.4.4 Failure to take action, etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Note, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make this Note Instrument and any documents in connection herewith admissible in evidence in the courts of the PRC, British Virgin Islands, the Cayman Islands and/or Hong Kong is not taken, fulfilled or done;
 - 10.4.5 Unlawfulness: it is or will become unlawful for the Issuer or the relevant obligors to perform or comply with any of its obligations under or in respect of the Note;
 - 10.4.6 a New Notes Indenture Event of Default occurs; and
 - 10.4.7 without prior consent of the Noteholder, the Issuer or the Company allots, issues, sells, accepts subscription for, offer to allot issue or sell, contracts or agrees to allot, issue or sell, grants or sells any option warrant, contract or right to subscribe for or purchases, either directly or indirectly, conditionally or unconditionally, any Company Shares or Issuer Shares (as the case may be), any other equity securities of the Company or the Issuer (as the case may be) or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Company Shares or the Issuer Shares (as the case may be) or any other equity securities of the Issuer, with any terms, conditions, restrictions, limitation, right, privileges, preferences or protections (whether or not contractual in nature or as part of the terms of any security) which are more favorable than those offered to the Noteholders under this Note Instrument.
- 10.5 The Issuer shall, within three (3) Business Days, notify the Trustee in writing of any matter or thing which becomes known to it which constitutes or would reasonably constitute (or with the giving of any notice and/or lapse of time and/or the fulfilment of any other requirement would reasonably constitute) an Event of Default (the “**potential Event of Default**”).
- 10.6 If an Event of Default occurs and is continuing, and subject to Condition 10.9, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or this Note Instrument, but it will not be bound to take any such proceeding unless (i) it shall have been so requested in writing by the Noteholders of at least 25.0% in aggregate principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its

- satisfaction. 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.
- 10.7 Noteholders 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.
- 10.8 A Noteholder may not institute any proceeding with respect to the Note Instrument, the Notes or the Parent Guarantee, or for the appointment of a receiver or trustee, or for any other remedy under the Note Instrument, the Notes or the Parent Guarantee, unless the Noteholder has previously given the Trustee written notice of a continuing Event of Default, and Noteholders of at least 25.0% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy.
- 10.9 Notwithstanding any other provision of these Note Conditions, at any time prior to the New Notes Discharge Date, none of the Trustee, the Agents, the Noteholders or holders of the beneficial interests in the Notes shall be entitled to issue the EoD Redemption Notice or make any claims against the Issuer and/or the Parent Guarantor pursuant to this Condition 10, unless and until it has obtained prior written consent from the New Notes Trustee (acting upon the instructions of Majority New Notes Holders).
- 11. PROCEDURE FOR EOD REDEMPTION OF NOTE**
- 11.1 As soon as practicable and in any event not later than 3 days after receipt of the EoD Redemption Notice given by the Trustee or Noteholder(s) in accordance with Condition 10.3, the Issuer shall mail a notice by registered mail, postage prepaid to each holder of the outstanding Note, which notice shall (i) confirm the relevant EoD Redemption Date and the EoD Redemption Price, and (ii) state the reference to Condition 10 (Redemption upon Event of Default) (as applicable).
- 11.2 The Issuer (or its nominee) shall pay the Maturity Redemption Amount or the EoD Redemption Price (as the case may be) to the Noteholder on the Maturity Date or the EoD Redemption Date (as the case may be).
- 11.3 From and after the payment in full by the Issuer of the Maturity Redemption Amount or the relevant EoD Redemption Price for all outstanding Note requested to be redeemed by the holder(s) thereof, the Note requested by the holder thereof to be redeemed will no longer be outstanding or deemed to be outstanding; and all powers, designations, preferences and other rights of the holder thereof as a holder of such Note shall cease and terminate.
- 11.4 Notwithstanding anything in Condition 10 (Redemption upon Event of Default) to the contrary, each Noteholder shall retain the right in respect of any outstanding Note subject to redemption, until the EoD Redemption Date.
- 12. PAYMENTS**
- 12.1 All payments to be made by the Issuer hereunder shall be made by the Issuer to the account of the Paying Agent at the Principal Office, in such coin or currency of the United States as at the time of payment shall be legal tender for payment of public and private debts in immediately available funds, an amount of which shall be sufficient to pay the aggregate amount of interest, principal or all of such amounts, as the case may be, becoming due in respect of the Notes on the relevant payment date. Where this Agreement expresses an amount in a currency other than US\$, then the rate of exchange to be applied for the purpose of payments hereunder shall be the USD/CNY(HK) spot rate reported by the Treasury

Markets Association of Hong Kong which appears on Reuters page <CNHFIX> at approximately 11:30 a.m. on the relevant date of payment.

- 12.2 An installment of principal, premium (if any), interest or any amounts due will be considered paid on the date due if the Paying Agent holds on that date money designated for and sufficient to pay such installment.
- 12.3 The Paying Agent will make payments in respect of the Notes represented by the Global Notes by wire transfer of immediately available funds to the accounts specified by the Noteholders of the Global Notes. With respect to Certificated Notes, the Paying Agent will make all payments by wire transfer of immediately available funds to the accounts specified by the Noteholders thereof or, if no such account is specified, by mailing a check to each Noteholder's registered address.
- 12.4 All payments made by the Issuer with respect to the Note will be made free from any restriction or condition and be made without deduction or withholding for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the PRC, British Virgin Islands, the Cayman Islands, Hong Kong or any other jurisdiction or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts to the Paying Agent as will result in the receipt by the Noteholder(s) of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required.
- 12.5 Whenever the Issuer appoints a Paying Agent other than the Trustee for the purpose of paying amounts due in respect of the Notes, it will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Issuer, among other things, to be bound by and observe the provisions of the Note Instrument (including the Notes). The Issuer shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee,
 - 12.5.1 that it will hold all sums received by it as such Paying Agent for the payment of the principal of, or premium or interest on, the Notes (whether such sums have been paid to it by or on behalf of the Issuer or by any other obligor on the Notes or the Parent Guarantee) for the benefit of the Noteholders or of the Trustee;
 - 12.5.2 that it will give the Trustee written notice of any failure by the Issuer (or by the Parent Guarantor) to make any payment of the principal, or premium or interest on, the Notes and any other payments to be made by or on behalf of the Issuer or the Parent Guarantor under the Note Instrument, when the same shall be due and payable; and
 - 12.5.3 that it will pay any such sums so held by it to the Trustee upon the Trustee's written request at any time during the continuance of a failure referred to in clause (ii) above.

Anything in this Condition 12 to the contrary notwithstanding, the Issuer may at any time, for the purpose of obtaining a satisfaction and discharge of this Note Instrument or for any other reason, pay or cause to be paid to the Trustee all sums held by the Issuer or any Paying Agent hereunder, as required by this Condition 12 and such sums shall be held by the Trustee upon the trusts herein contained. If the Paying Agent shall pay all sums held to the Trustee as required under this Condition 12, the Paying Agent shall have no further liability for the money so paid over to the Trustee.

12.6 If the Trustee collects any money pursuant to these Note Conditions, it shall pay out the money in the following order:

12.6.1 to the Trustee and the Agents to reimburse the Trustee and the Agents for any expenses incurred in connection with the collection or distribution of such amounts held or realized and any fees, costs and expenses incurred in connection with carrying out their functions under these Note Conditions and in connection with the collection or distribution of such amounts held or realized or in connection with expenses properly incurred in enforcing remedies under these Note Conditions and all amounts for which the foregoing persons are entitled to indemnification under these Note Conditions (including properly incurred legal fees) including all amounts for which the Trustee and the Agents are entitled to for indemnification under these Note Conditions;

12.6.2 to the Paying Agent for the benefit of Holders; and

12.6.3 any surplus remaining after such payments will be paid to the Issuer or to whomever may be lawfully entitled thereto.

The Trustee, upon written notice to the Issuer, may fix a record date and payment date for any payment to Holders pursuant to this Condition 12.6.

12.7 Notwithstanding anything to the contrary herein and without the prior written consent of the New Notes Trustee (acting upon instructions of the Majority New Notes Holders):

12.7.1 the Issuer shall not, and the Parent Guarantor shall procure that the Issuer does not, make any payment, repurchase, redemption, defeasance or other acquisition or retirement of any Notes other than in accordance with the terms and conditions herein; and

12.7.2 no payment, repurchase, redemption, defeasance or other acquisition or retirement of any Note shall be made at any time a Default (as defined in the New Notes Indenture) has occurred.

13. EXPENSES

The Issuer will pay all administrative costs and expenses, including all stamp, issue, registration, securities transaction or other similar taxes, duties, levies and fees (if any) arising in connection with the redemption of the Note and the cancellation and delivery of certificate(s) therefor, in each case as applicable.

14. REPLACEMENT OF NOTE CERTIFICATE(S)

Should any Note Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced free of charge at the Specified Office upon presentation of such evidence as the Issuer may reasonably require. Mutilated or defaced Note Certificate(s) must be surrendered before replacements will be issued.

15. USURY

The Note is subject to the express condition that at no time shall the Issuer be required to pay interest on the principal amount of the Note at a rate which could subject the Noteholder(s) to either civil or criminal liability as a result of being in excess of the Maximum Interest Rate. If under the Note Conditions, the Issuer is at any time required or obligated to pay interest on the principal amount at a rate in excess of the Maximum Interest Rate, the interest rate shall be deemed immediately reduced to the Maximum Interest Rate.

16. AMENDMENTS

16.1 Prior to the New Notes Discharge Date, none of the Issuer, the Parent Guarantor, the Trustee or the Agents may amend, modify, terminate, waive or otherwise alter, in whole or in part, the terms of the Note Instrument, the Notes and/or these Note Conditions unless:

- 16.1.1 the amendment, modification, or waiver is of a minor and administrative nature and is not prejudicial to the interests of New Notes Creditors; or
- 16.1.2 the prior consent of the New Notes Trustee (acting upon the instructions of Majority New Notes Holders).

17. OPEN MARKET REPURCHASE

17.1 None of the Issuer or the Parent Guarantor may (and Parent Guarantor shall procure that none of the other Group Companies or any of its or their affiliates shall) purchase or otherwise acquire any interest in the Notes in the open market or by tender or privately negotiated transactions or by any other means, unless:

- 17.1.1 the New Notes Trustee has consented to such acquisition (acting upon instructions of the Majority New Notes Holders);
- 17.1.2 such acquisition does not otherwise violate the terms of these Note Conditions or the Note Instrument; and
- 17.1.3 all Notes repurchased by or on behalf of, or for the benefit of, any of the Issuer, the Parent Guarantor or any Group Company may not be reissued or resold and must be cancelled.

17.2 Any Notes repurchased pursuant to this Condition 17 shall be cancelled and shall, pending such cancellation, be disregarded and deemed not to be outstanding for purposes of determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture.

18. GOVERNING LAW AND JURISDICTION

18.1 The Note Instrument shall be governed by and construed in accordance with the laws of Hong Kong.

18.2 Subject to Condition 18.3 below, the Issuer agrees that the courts of Hong Kong are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

18.3 This Condition 18 is for the benefit of the Noteholder(s) only. As a result, nothing in this Condition 18 prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction or from contending that such courts are appropriate and convenient. To the extent allowed by law, Noteholder(s) may take:

- 18.3.1 proceedings in any other court; and
- 18.3.2 concurrent Proceedings in any number of jurisdictions.

19. THIRD PARTY RIGHTS

19.1 A person who is not a party to these Note Conditions has no rights under Cap. 623 Contracts (Rights of Third Parties) Ordinance to enforce any term of these Note Conditions except that

the New Notes Creditors may enforce and enjoy the benefit of any clause/condition which expressly confers rights on it.

20. INTERPRETATION

20.1 In these Note Conditions, unless the context otherwise requires, the following expressions shall have the following meanings:

“**Agent**” means any of the Paying Agent, the Transfer Agent and the Registrar.

“**Authorised Holding**” has the meaning assigned to it in Condition 1.1.

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments in the British Virgin Islands and Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted.

“**Certificated Notes**” means the Notes (with the Parent Guarantee endorsed thereon), in certificated, registered form, executed and delivered by the Issuer (and the Parent Guarantor) and authenticated by or on behalf of the Registrar in exchange for the Global Notes, upon the occurrence of the events set forth in the second sentence of Clause 5.6 of the Note Instrument.

“**Clearstream**” means Clearstream Banking S.A..

“**Company**” means Shandong Yuhang Special Alloy Equipment Co., Ltd. (山東裕航特種合金裝備有限公司) (or the holding company of it which shall be the listing vehicle for the Listing).

“**Company Shares**” means shares in the capital of the Company (or the holding company of the Company which shall be the listing vehicle).

“**Continuing Interest**” shall have the meaning specified in Condition 7.2.

“**Corporate Trust Office**” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of the Note Instrument is located at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, Attn: Cassandra Ho, facsimile number:+852 2599 9501.

“**Deemed Exchange Shares**” means such number of Company Shares deemed to be owned by the Noteholder(s) upon the Listing of the Company Shares for the purpose of calculation of the Early Redemption Price under Condition 8.1.

“**Denominated Amount**” has the meaning assigned to it in Condition 1.1 (Form and denomination).

“**Dispute**” has the meaning assigned to it in Condition 17.2.

“**Encumbrance**” means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect.

“**Early Redemption Amount**” shall have the meaning specified in Condition 8.1.

“**Early Redemption Date**” has the meaning specified in Condition 8.4.2.

“Early Redemption Notice” has the meaning specified in Condition 8.4.1.

“EoD Redemption Date” has the meaning assigned to it in Condition 10.3.3.

“EoD Redemption Notice” has the meaning assigned to it in Condition 10.3.

“EoD Redemption Price” has the meaning assigned to it in Condition 10.2.

“Euroclear” means Euroclear Bank SA/NV.

“Event of Default” has the meaning assigned to it in Condition 11.1.

“Government Authority” means any national, provincial, municipal, city or local government or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through share or capital ownership or otherwise, by any of the foregoing.

“Group” means the Company (or, where applicable, the holding company of the Company which shall be the listing vehicle under the IPO) and its subsidiaries, and any person (other than an individual) over which either the Issuer or any of its subsidiaries is able to exercise significant influence (being a person in which (i) it has the right to appoint at least one third of the board of directors or its equivalent, (ii) it has the right to ensure that certain matters are not dealt with whether at shareholder or management level without its consent, and/or (iii) the board or at least one third of the board (or its equivalent) is accustomed to act in accordance with its instructions), in each case from time to time. **“Group Company”** shall be construed accordingly and, for the avoidance of doubt, shall include the Company.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Indebtedness” means any indebtedness of any person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing.

“Interest Payment Date” has the meaning assigned to it in Condition 7.1.

“IPO” means an initial public offering and listing of the Company Shares on the Stock Exchange;

“IPO Offer Price” means the final offer price per Company Share in an IPO.

“Issue Date” has the meaning specified in the preamble to the Note Conditions.

“Issuer” has the meaning specified in the preamble to the Note Conditions.

“Issuer Shares” means the ordinary shares in the issued share capital of the Issuer.

“Law” means any provision of any binding law, ordinance, rule, judgment, rule of common law and equity, decree, award, injunction, policies, government approval or other governmental restriction or binding regulation or rule of any Government Authority (including, without limitation, any anti-corruption, anti-money laundering and employment law or regulation).

“Listing” means the Listing of the Company Shares on the Stock Exchange by way of IPO.

“Majority New Notes Holders” means Holders (as defined in the New Notes Indenture) of not less than 51% in aggregate principal amount of the then outstanding New Notes.

“Maturity Date” means the date being the date falling 5 years from the Issue Date.

“Maximum Interest Rate” means the maximum, non-usurious, per annum interest rate permitted from time to time under the laws of Hong Kong.

“New Notes” means the 4.00% guaranteed senior notes due 2029 to be issued by the Issuer pursuant to the Restructuring.

“New Notes Creditors” means any holder of the New Notes, Holders (as defined in the New Notes Indenture), the Agents (as defined in the New Notes Indenture) and New Notes Trustee.

“New Notes Discharge Date” means the first date on which all New Notes Liabilities have been fully and finally discharged to the satisfaction of the New Notes Trustee, whether or not as the result of an enforcement.

“New Notes Indenture” means the indenture in respect of the New Notes to be issued pursuant to the Restructuring.

“New Notes Indenture Event of Default” means an event of default under the New Notes Indenture.

“New Notes Trustee” means the trustee for the New Notes from time to time.

“Note” has the meaning specified in the preamble to the Note Conditions.

“Note Certificate” means the certificate in the form, or substantially in the form, set out in Schedule 1 to the Note Instrument.

“Note Condition” has the meaning specified in the preamble to these terms and conditions.

“Noteholder” means a holder of the Note and in whose name such Note is for the time being registered in the Note Register (or, in the case of a joint holding, the first named thereof).

“Note Instrument” has the meaning specified in the preamble to the Note Conditions.

“Note Register” has the meaning assigned to it in Condition 3.1.

“Notice” means a notice given pursuant to the terms of this Note Instrument.

“Officer” means one of the executive officers of the Issuer or the Parent Guarantor, as the case may be, or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

“**Officers’ Certificate**” means a certificate signed by two Officers; provided, however, with respect to the Officers’ Certificate required to be delivered by the Issuer under the Note Instrument, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in the Issuer at the time such certificate is required to be delivered.

“**Paying Agent**” means Citibank Europe Plc, the paying agent with respect to the Notes appointed pursuant to a Paying Agent, Transfer Agent and Registrar Appointment Letter substantially in the form of Schedule 5.

“**PRC**” means the People’s Republic of China, excluding for the purposes of these Note Conditions only, Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Principal Office**” means the office of the principal Paying Agent at which the business of the principal Paying Agent is principally administered, which at the date of this Note Instrument is located at [●], Attn: [●], facsimile number: [●], and shall also include a reference to [●], located at [●], Attn: [●], facsimile number: [●].

“**Proceedings**” has the meaning assigned to it in Condition 17.3.

“**Reference Price**” equals RMB5.00 per Deemed Exchange Share.

“**Registrar**” has the meaning assigned to such term in Clause 6.1 of the Note Instrument.

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;

“**Registration Deadline**” means the day falling 120 Registration Business Days after the Issue Date;

“**Restructuring**” means has the meaning assigned to such term in the preamble of the Note Instrument.

“**US\$**” means the dollar unit in the lawful currency of the United States.

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its competent local branches;

“**Specified Office**” means the principal place of business of the Issuer at Handian Industrial Park, Zouping, Shandong, 256209, PRC, or such other address as the Issuer may notify to the Noteholder(s) in writing.

“**Stock Exchange**” means any stock exchange as determined by the Issuer and/or the Company from time to time.

“**Trading Day**” means a day when the Stock Exchange is open for dealing business, provided that if no price for securities is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

20.2 A reference to a statute or statutory provision includes a reference:

20.2.1 to that statute or provision as from time to time modified or re-enacted;

20.2.2 to any repealed statute or statutory provision which it re-enacts (with or without modification); and

- 20.2.3 to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.
- 20.3 Unless the context otherwise requires:
 - 20.3.1 words in the singular include the plural, and vice versa;
 - 20.3.2 words importing any gender include all genders; and
 - 20.3.3 a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.
- 20.4 A reference to a Note Condition, Sub-condition or Schedule is to a condition and a sub-condition of, or a schedule, to this Note Instrument.
- 20.5 The headings are for convenience only and do not affect interpretation of this Note Instrument.
- 20.6 References in this Note Instrument to any matter being “approved” by any person means approval given by that person in writing.

SCHEDULE 5

FORM OF PAYING AGENT, TRANSFER AGENT AND REGISTRAR APPOINTMENT LETTER

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Citibank Europe Plc

[Address]

Re: 1% Enhanced Return Notes Due 2029 of Knight Castle Investments Limited 爵堡投资有限公司

Reference is hereby made to the note instrument dated as of [●] 2024 (as amended from time to time, the “**Note Instrument**”) among Knight Castle Investments Limited 爵堡投资有限公司, a company incorporated in the British Virgin Islands, as the Issuer (the “**Issuer**”), Shandong Sanxing Group Company Ltd. (山东三星集团有限公司), a company incorporated with limited liability under the laws of the People’s Republic of China, as the Parent Guarantor (the “**Parent Guarantor**”), and Madison Pacific Trust Limited as the Trustee (the “**Trustee**”). Terms used herein are used as defined in the Note Instrument.

The Issuer hereby appoints Citibank Europe Plc, as paying agent (the “**Paying Agent**”), transfer agent (the “**Transfer Agent**”) and as registrar (the “**Registrar**”, and together with the Paying Agent and Transfer Agent, the “**Agent**”) with respect to the Notes and each Agent hereby accepts such appointment. By accepting such appointment, each Agent agrees to be bound by and to perform the services with respect to itself set forth in the terms and conditions set forth in the Note Instrument and the Notes, as well as the following terms and conditions to all of which the Issuer agrees and to all of which the rights of the holders from time to time of the Notes shall be subject:

- (a) Each Agent shall be entitled to the compensation to be agreed upon in writing with the Issuer and the Parent Guarantor, jointly and severally, for all services rendered by it under the Note Instrument, and the Issuer and the Parent Guarantor, jointly and severally, agree promptly to pay such compensation and to reimburse each Agent for its out-of-pocket expenses (including fees and expenses of counsel) properly incurred by it in connection with the services rendered by it under the Note Instrument. The Issuer and the Parent Guarantor jointly and severally hereby agree to indemnify each Agent and its officers, directors, agents and employees and any successors thereto for, and to hold it harmless against, any liability or loss or properly incurred expense (including the properly incurred fees and expenses of counsel) incurred without gross negligence, willful misconduct or fraud on its part arising out of or in connection with its acting as Paying Agent, Transfer Agent and Registrar hereunder and under the Note Instrument and the Notes. The obligations of the Issuer and the Parent Guarantor under this paragraph (a) shall survive the discharge of the Notes, the termination or expiry of the Note Instrument or this letter and the resignation or removal of each Agent. Under no circumstances will each Agent be liable to the Issuer or any other party to this letter or the Note Instrument for any indirect, consequential, punitive or special loss or damages of any kind whatsoever (including, but not limited to, loss of business, goodwill, opportunity to profit) whether or not foreseeable, even if advised of the possibility of such loss or damage and regardless of the form of claim. The prior sentence shall survive the

termination or expiry of this letter or the Note Instrument, discharge of the Notes and the resignation or removal of the Agents.

- (b) In acting hereunder, under the Note Instrument and in connection with the Notes, each Agent is acting solely as agent of the Issuer and does not assume any fiduciary duty or other obligation towards or relationship of agency or trust for or with any of the owners or holders of the Notes, except that all funds held by the Agents for the payment of principal interest or other amounts (including Additional Amounts) on, the Notes shall, subject to the provisions of the Note Instrument, be held by the Agents and applied as set forth in the Note Instrument and in the Notes, but need not be segregated from other funds held by the Agents, except as required by law.
- (c) Each Agent may consult with counsel satisfactory to it and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder and under the Note Instrument and the Notes in good faith and in accordance with such advice or opinion.
- (d) Each Agent shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper party or parties.
- (e) Each Agent and any of its affiliates, in its individual capacity or any other capacity, may become the owner of, or acquire any interest in, any Notes or other obligations of the Issuer with the same rights that it would have if it were not each Agent, and may engage or be interested in any financial or other transaction with the Issuer, and may act on, or as common depositary, Trustee or agent for, any committee or body of holders of Notes or other obligations of the Issuer, as freely as if it were not an Agent.
- (f) Each Agent shall give the Trustee written notice of any failure by the Issuer (or by any other obligor on the Notes or the Parent Guarantee) to make any payment of the principal, or premium or interest on, the Notes and any other payments to be made on behalf of the Issuer under the Note Instrument, when the same shall be due and payable and at any time during the continuance of any such failure each Agent will pay any such sums so held by it to the Trustee upon the Trustee's written request.
- (g) No Agent shall be under any liability for interest on any monies received by it pursuant to any of the provisions of the Note Instrument or the Notes.
- (h) Each Agent shall be obligated to perform such duties and only such duties as are hereunder and in the Note Instrument and the Notes specifically set forth, and no implied duties or obligation shall be read into this letter, the Note Instrument or the Notes against such Agent. No Agent shall be under any obligation to take any action under the Note Instrument which may tend to involve it in any expense or liability until it has been pre-funded and/or secured and/or indemnified to its satisfaction against such expense or liability. No Agent shall have any obligation to expend its own funds or otherwise incur any financial liability in the performance of its obligations hereunder or under the Note Instrument. Notwithstanding anything contained herein to the contrary, the obligations of the Agents under this Paying Agent, Transfer Agent and Registrar Appointment Letter are several, and shall under no circumstances be deemed to be, joint.

- (i) Each Agent may at any time resign by giving written notice of its resignation to the Issuer and the Trustee and specifying the date on which its resignation shall become effective; *provided* that such date shall be at least 60 days after the date on which such notice is given unless the Issuer agrees to accept shorter notice. Upon receiving such notice of resignation, if required by the Note Instrument the Issuer shall promptly appoint a successor paying agent by written instrument substantially in the form hereof in triplicate signed on behalf of the Issuer, one copy of which shall be delivered to the resigning Agent, one copy to the successor agent and one copy to the Trustee. Upon the effectiveness of the appointment of a successor paying agent, the resigning Agent shall have no further obligations under this letter or the Note Instrument.

Such resignation shall become effective upon the earlier of (i) the effective date of such resignation and (ii) the acceptance of appointment by the successor agent, as provided below. The Issuer may, at any time and for any reason, remove any Agent and appoint a successor agent, by written instrument in triplicate signed on behalf of the Issuer, one copy of which shall be delivered to each Agent being removed, one copy to the successor agent and one copy to the Trustee. Any removal of an Agent and any appointment of a successor paying agent shall become effective upon acceptance of appointment by the successor agent as provided below. Upon its resignation or removal, the resigning Agent or the Agents being removed, as applicable, shall be entitled to the payment by the Issuer of its compensation for the services rendered hereunder and to the reimbursement of all properly incurred out-of-pocket expenses incurred in connection with the services rendered by it hereunder.

The Issuer shall remove an Agent and appoint a successor agent if such Agent (i) shall become incapable of acting, (ii) shall be adjudged bankrupt or insolvent, (iii) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (iv) shall consent to, or shall have had entered against it a court order for, any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceedings commenced against it, (v) shall make a general assignment for the benefit of creditors or (vi) shall fail generally to pay its debts as they become due.

Any successor agent appointed as provided herein shall execute and deliver to its predecessor and to the Issuer and the Trustee an instrument accepting such appointment (which may be in the form of an acceptance signature to the letter of the Issuer appointing such agent) and thereupon such successor agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as an Agent and such predecessor shall pay over to such successor agent all monies or other property at the time held by it hereunder.

If no successor is appointed by the Issuer within 30 days of the resignation or removal of an Agent, the retiring Agent may (on behalf of and at the expense of the Issuer) recommend a successor Agent to the Issuer for its approval, and, within 30 days from the date of recommendation by the retiring Agent, the Issuer shall either approve and obtain written acceptance of appointment from such recommended Agent or appoint another successor Agent of its own choice and obtain written acceptance of appointment from such other successor Agent, or the retiring Agent

or the Issuer may petition any court of competent jurisdiction for the appointment of a successor agent.

- (j) Notwithstanding anything contained herein to the contrary, each of the Issuer and the Parent Guarantor hereby irrevocably agrees that any and all of the rights and obligations of any Agent (except the Trustee) and, to the extent applicable, the obligations of the Issuer and the Parent Guarantor toward any Agent (except the Trustee) set forth in the Note Instrument shall be deemed to have been included in this letter.
- (k) The Issuer shall pay the principal of, any premium on (if any) and interest, and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and this Letter. Not later than 10:00 a.m. (London time) one Business Day prior to the Interest Payment Date, the due date of any principal on any Notes, the Tax Redemption Date pursuant to Section 3.01 or the redemption date pursuant to Section 3.02 (each, a “**Payment Date**”), the Issuer shall pay or cause to be paid to the account of the Paying Agent at the Principal Office, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in immediately available funds, an amount which shall be sufficient to pay the aggregate amount of interest, principal or premium or all of such amounts, as the case may be, becoming due in respect of the Notes on such Payment Date; provided that if the Issuer or any Affiliate of the Issuer is acting as Paying Agent, it shall, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Noteholders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in this Note Instrument. In each case the Issuer shall promptly notify the Trustee and the Paying Agent of its compliance with this Section 4.01(a). The Issuer shall procure that, before 10:00 a.m. (London time) on the second Business Day before each Payment Date, the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the Paying Agent the payment instructions relating to such payment. The Paying Agent shall not be bound to make any payment until it has received the full amount due to be paid to it pursuant to this clause (k) in immediately available and cleared funds.
- (l) Each Agent shall at all times be a financial institution which is authorized by law to exercise its respective powers and duties hereunder and under the Note Instrument and the Notes.
- (m) Any notice or communication to the Agents will be deemed given when sent by facsimile transmission, with transmission confirmed. Any notice to the Agents will be effective only upon receipt. The notice or communication should be addressed to the Agents, collectively at Citibank Europe Plc, [●], Fax: [●], Attention: [●]; with a copy to: [●], [●], Fax: [●], Attention: [●]. Any notice to the Issuer or the Trustee shall be given as set forth in the Note Instrument.
- (n) Any corporation into which any Agent may be merged or converted or any corporation with which any Agent may be consolidated or any corporation resulting from any merger, conversion or consolidation to which any Agent shall be a party or any corporation succeeding to the business of any Agent shall be the successor to such Agent hereunder (provided that such corporation shall be qualified as aforesaid) without the execution or filing of any document or any further act on the part of any of the parties hereto.

- (o) Any amendment, supplement or waiver under the Note Instrument that adversely affects each Agent shall not affect each Agent's rights, powers, obligations, duties or immunities, unless each Agent has consented thereto.
- (p) Any funds held by the Agents are not subject to the relevant United Kingdom Financial Conduct Authority Client Money Rules or any rules relating to client money of any relevant regulatory authority pursuant to applicable law.
- (q) The agreement set forth in this letter and the Note Instrument contains the whole agreement between the parties relating to the subject matter of this agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this letter.
- (r) Each Agent shall be entitled to refrain from taking any action if it receives conflicting, unclear or equivocal instructions or in order to comply with any applicable law.
- (s) [RESERVED].
- (t) Notwithstanding anything else herein contained, an Agent may refrain without liability from doing anything that would or might in its opinion be contrary to any law of any state or jurisdiction (including, but not limited to, the law of the United States of America or any jurisdiction forming a part of it, the British Virgin Islands, the PRC and England & Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
- (u) Notwithstanding any other provision of this letter, each Agent shall be entitled to make a deduction or withholding from any payment which it makes under the any Notes for or on account of any Tax, if and only to the extent so required by applicable law, in which event the Agents shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. If Taxes are paid by any Agent or any of its affiliates, the Issuer agrees that it shall promptly reimburse such Agent for such payment to the extent not covered by withholding from any payment or debited from any balance held for it. The Issuer agrees that it shall pay any deficiency upon notice from such Agent or any Authority. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by applicable law for the purposes of this paragraph (u).
- (v) If the Issuer determines in its sole discretion that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Agents on any Notes, then the Issuer will be entitled to re-direct or reorganize any such payment in any way that it sees fit in order that the payment may be made without such deduction or withholding provided that, any such re-directed or reorganize payment is made through a reorganized institution of international standing and otherwise made in accordance with this letter and the Note Instrument. The Issuer will promptly notify the Agents and the Trustee of any such redirection or reorganization.
- (w) The Issuer shall notify each Agent in the event that it determines that any payment to be made by an Agent under the Notes is a payment which could be subject to

FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this paragraph (w) shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, the Notes, or both.

- (x) Each party to this letter (each a “**Party**”) shall, within ten business days of a written request by another Party, supply to that other Party such forms, documentation and other information relating to it, its operations, or the Notes as that other Party reasonably requests for the purposes of that other Party's compliance with Applicable Law and shall notify the relevant other Party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such Party is (or becomes) inaccurate in any material respect; provided, however, that no Party shall be required to provide any forms, documentation or other information pursuant to this paragraph (x) to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such Party and cannot be obtained by such Party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such Party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality.
- (y) The Agents shall, on demand by the Trustee by notice in writing given to them and the Issuer at any time after the Event of Default has occurred, until notified by the Trustee to the contrary, as far as permitted by applicable law (i) act thereafter as agents of the Trustee under the Note Instrument and the Notes on the terms provided in this letter (save for necessary consequential amendments and the Trustee's liability under any provision hereof for the indemnification, remuneration and all other expenses of the Agents shall be limited to the amounts for the time being held by the Trustee in respect of the Notes on the trusts of the Note Instrument and after application of such sums in accordance with the Note Instrument in satisfaction of payment of sums, other than referred to in this paragraph (y)) and thereafter hold all certificates and moneys, documents and records held by them in respect of the Notes to the order of the Trustee; and/or (ii) deliver up all certificates and all monies, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice or subsequently, provided that this paragraph (ii) shall not apply to any documents or records which the Agents or the relevant agent is obliged not to release by any law or regulation to which it is subject.
- (z) Each of the Issuer and the Parent Guarantor hereby irrevocably waives, in favor of the Agents, any conflict of interest that may arise by virtue of the Agents acting in various capacities under the Notes, the Parent Guarantee or this Note Instrument or for other customers of the Agents. Each of the Issuer and the Parent Guarantor acknowledges that the Agents and their affiliates (together, the “**Agent Parties**”) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Issuer and the Parent Guarantor may regard as conflicting with its interests and may possess information (whether or not material to the Issuer and the Parent Guarantor) other than as a result of the Agents acting as the Agents hereunder, that the Agents may not be entitled to share with the Issuer and/or the Parent Guarantor. The Agents will not disclose confidential information obtained from the Issuer and the Parent Guarantor (without its consent) to any of the Agents' other customers or affiliates nor will it use on behalf of the Issuer and the Parent Guarantor any confidential information obtained from any other customer. Without prejudice to the foregoing, each of the Issuer and the Parent Guarantor agrees that the Agent Parties may deal (whether for its own or its customers' account) in, or advise on, securities of any party and that such dealing

or giving of advice, will not constitute a conflict of interest for the purposes of the Notes, the Parent Guarantee or the Note Instrument.

- (aa) The Agents may act through its attorneys and agents and will not be responsible for supervising or monitoring any attorney or agent or for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder.
- (bb) In no event shall the Agents be responsible or liable for any failure or delay in the performance of their obligations hereunder arising out of or caused by, directly or indirectly, forces beyond their control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Agents shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.
- (cc) Notwithstanding and to the exclusion of any other term of this Letter or any other agreements, arrangements, or understanding between Citibank Europe Plc and each counterparty, each counterparty acknowledges and accepts that a BRRD Liability arising under this Letter may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledges, accepts, and agrees to be bound by:
 - a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of Citibank Europe Plc to each counterparty under this Letter, that (without limitation) may include and result in any of the following, or some combination thereof:
 - (i) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;
 - (ii) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of Citibank Europe Plc or another person, and the issue to or conferral on the counterparty of such shares, securities or obligations;
 - (iii) the cancellation of the BRRD Liability;
 - (iv) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period;
 - b) the variation of the terms of this Letter, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

For the purposes of this paragraph (cc):

“Bail-in Legislation” means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time.

“Bail-in Powers” means any Write-down and Conversion Powers as defined in the EU Bail-in Legislation Schedule, in relation to the relevant Bail-in Legislation.

“**BRRD**” means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

“**BRRD Liability**” means a liability in respect of which the relevant Write Down and Conversion Powers in the applicable Bail-in Legislation may be exercised.

“**EU Bail-in Legislation Schedule**” means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time at <http://www.lma.eu.com/pages.aspx?p=499>.

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any Bail-in Powers in relation to Citibank Europe Plc.

- (dd) Unless the context otherwise requires, any reference to EU legislation, regulatory requirement, or guidance should be read as a reference to that EU legislation, regulatory requirement or guidance as it forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018 (as amended) (the EUWA) or as otherwise adopted under, or given effect to in, UK legislation or the UK regulatory regime (UK Onshored Legislation, Regulatory Requirement, or Guidance) and any references to EU competent authorities should be read as references to the relevant UK competent authority. All references to legislation, regulatory requirements or guidance in this clause refer to the relevant legislation, regulatory requirements or guidance as amended from time to time.
- (ee) No Agents shall be permitted or required to make investments of any moneys at any time received by it pursuant to any of the provisions of this Letter or of the Notes.
- (ff)
 - a) The Parent Guarantor covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates are the target or subject of any sanctions enforced by the US Government, (including the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”)), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively “**Sanctions**”).
 - b) The Parent Guarantor covenants and represents that neither it nor any of its subsidiaries, directors, officers or, to the best of its knowledge, its affiliates will use any payments made pursuant to this letter, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.
- (gg) Sub-clauses (i) and (ii) will not apply if and to the extent that they are or would be unenforceable by reason of breach of (1) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the EEA) or (2) any similar blocking or anti-boycott law in the United Kingdom or elsewhere. However, if the aforementioned Council Regulation purports to make compliance with any portion of this clause unenforceable by the Issuer and the Parent Guarantor, the Issuer and the Parent Guarantor will nonetheless take such measures as may be necessary to ensure that the Issuer and the Parent Guarantor does not use the services or accounts in any manner which would cause the Agents to violate Sanctions applicable to the Agents.

Unless the context otherwise requires, any reference to EU legislation, regulatory requirement, or guidance should be read as a reference to that EU legislation, regulatory requirement or guidance as it forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018 (as amended) (the EUWA) or as otherwise adopted under, or given effect to in, UK legislation or the UK regulatory regime (UK Onshored Legislation, Regulatory Requirement, or Guidance) and any references to EU competent authorities should be read as references to the relevant UK competent authority. All references to legislation, regulatory requirements or guidance in this clause refer to the relevant legislation, regulatory requirements or guidance as amended from time to time.

- (hh) In no event shall the Agents be liable for any losses arising from the Agents receiving or transmitting any data to the Issuer and the Parent Guarantor, (or any Authorized Person) or acting upon any notice, instruction or other communications via any Electronic Means. The Agents have no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorized to give instructions or directions on behalf of the Issuer and the Parent Guarantor, (or any Authorized Person). The Issuer and the Parent Guarantor, agree that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

For the purposes of this paragraph (hh):

“**Electronic Means**” shall mean the following communications methods: (i) non-secure methods of transmission or communication such as e-mail and facsimile transmission and (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Agents, or another method or system specified by the Agents as available for use in connection with its services hereunder.

- (ii) Each of the Issuer and the Parent Guarantor understands that [Name of entity] is a global financial organization that operates in and provides services and products to clients through its affiliates, branches, representative offices and/or subsidiaries located in multiple jurisdictions (collectively, the “[**Name of entity**] Group” and each a “[**Name of entity**] Entity”). The [Name of entity] Group may: (i) use and/or centralize in one or more [Name of entity] Entity in connection with its performance of the functions, duties and services provided and any other obligations under this letter and/or the Notes and in certain other activities (the “Centralized Functions”), including, without limitation, audit, accounting, tax, administration, risk management, credit, legal, compliance, operation, sales and marketing, product communication, relationship management, information technology, records and data storage, performance measurement, data aggregation and the compilation and analysis of information and data regarding the Issuer (which, for purposes of this Section, includes the name and business contact information for the employees and representatives of the Issuer and the Parent Guarantor and any personal data) and the accounts established pursuant to the transactions contemplated in this Note Instrument and/or the Notes (“**Client Information**”); and (ii) use third party service providers to store, maintain and process Client Information (“Outsourced Functions”). Notwithstanding anything to the contrary contained elsewhere in this Note Instrument and/or the Notes and solely in connection with the Centralized Functions and/or Outsourced Functions, the Issuer and the Parent Guarantor consents to the: (i) collection, use and storage of, and authorizes the [Name of entity] Group to collect, use and store, Client Information within and outside of any

jurisdiction, including without limitation Australia, the European Economic Area, Hong Kong, the PRC, Japan, Singapore, India, the British Virgin Islands and the United States of America; and (ii) disclosure of, and authorizes the [Name of entity] Group to disclose, Client Information to: (A) any other [Name of entity] Entity and their respective officers, directors and employees; and (B) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Client Information. In addition, the [Name of entity] Group may aggregate Client Information with other data collected and/or calculated by the [Name of entity] Group, and the [Name of entity] Group will own all such aggregated data, provided that the [Name of entity] Group shall not distribute the aggregated data in a format that identifies Client Information with the Issuer and the Parent Guarantor or their respective subsidiaries specifically. Each of the Issuer and the Parent Guarantor represents that it is authorized to consent to the foregoing and that the disclosure of Client Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. The Issuer and the Parent Guarantor also consent to the disclosure of Client Information to governmental, tax, regulatory, law enforcement and other authorities in jurisdictions where the [Name of entity] Group operates and otherwise as required by law, rule, or guideline (including any tax and swap trade data reporting regulations).

The agreement set forth in this letter shall be construed in accordance with and governed by the laws of the State of New York.

[Signature pages follow]

**KNIGHT CASTLE INVESTMENTS
LIMITED**

爵堡投資有限公司

(as Issuer)

By:

Name:

Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

**SHANDONG SANXING GROUP COMPANY
LTD.**

(山東三星集團有限公司)

(as Parent Guarantor)

By:

Name:

Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

Agreed and accepted:

CITIBANK EUROPE PLC,
as Paying Agent, Transfer Agent and Registrar

By:

Name:

Title:

[Paying and Transfer Agent and Registrar Appointment Letter]

Acknowledged:

Madison Pacific Trust Limited,
as Trustee

By:

Name:

Title:

SCHEDULE 6

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee

Madison Pacific Trust Limited
17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Paying Agent, Transfer Agent and Registrar

Citibank Europe Plc
[Address]

IN WITNESS whereof this Note Instrument has been duly executed and delivered as a deed poll on the date first above written.

SEALED)
with the common seal of)
KNIGHT CASTLE)
INVESTMENTS LIMITED)
爵堡投資有限公司)
being affixed thereto in the)
presence of and)
signed by:)

Name:
Director or authorized signatory

Name:
Witness:

Signed by:)
)
for and on behalf of)
SHANDONG SANXING)
GROUP)
COMPANY LIMITED (山東三星)
集團有限公司))
in the presence of and)
signed by:)

Name:
Director or authorized signatory

Name:
Witness:

Signed by:)
)
for and on behalf of)
Madison Pacific Trust Limited)
in the presence of and)

Name:
Director or authorized signatory

Name:
Witness:

HOLDING PERIOD TRUST DEED

THIS DEED OF TRUST (this “**Deed**”) is made by way of deed on [•] 2024 by:

1. **KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投資有限公司)**, a company incorporated with limited liability under the laws of the British Virgin Islands with company number 1959066 whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the “**Holding Period Trustee**”, which expression, where the context so admits, includes all persons for the time being the trustee or trustees of the trusts created by this Deed); and
2. **KNIGHT CASTLE INVESTMENTS LIMITED (爵堡投資有限公司)**, a company incorporated with limited liability under the laws of the British Virgin Islands with company number 1959066 whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the “**Company**”);

(together the “**Parties**”, and each a “**Party**”)

IN FAVOUR OF

3. **THE BENEFICIARIES**, as such term is defined below.

WHEREAS

- (A) On [•] 2024, the BVI Court sanctioned the scheme of arrangement under section 179A of the BVI Business Companies Act 2004 entered into between the Company and the Scheme Creditors (the “**Scheme**”). A copy of the Scheme sanction order is attached to this Deed as Annex 1.
- (B) The Scheme shall effect, among other things and subject to the terms and conditions therein, the full and final compromise and settlement of the Scheme Claims in exchange for the Scheme Consideration. Under the terms of the Scheme: (i) the Company shall procure that Scheme Consideration is paid and issued to Eligible Creditors on the Restructuring Effective Date in accordance with the terms of the Scheme; and (ii) the Residual Scheme Consideration that would otherwise have been paid or issued to Beneficiaries on the Restructuring Effective Date had they been Eligible Creditors as at that date will instead be paid and issued to the Holding Period Trustee to be held by the Holding Period Trustee on trust for the benefit of the Beneficiaries in accordance with the terms of this Deed.
- (C) The terms of the Scheme are described in further detail in the explanatory statement dated [•] 2024 relating to the Scheme (the “**Explanatory Statement**”).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless otherwise indicated, capitalised words and phrases used in this Deed have the meaning provided in the Scheme. In addition:

“**Appointee**” has the meaning given to it in Clause 5.4.

“**Beneficiaries**” means (a) in the case of prior to the Bar Time, each of the Ineligible Creditors; and (b) in the case of subsequent to the Bar Time, each of the Eligible Creditors, in each case on behalf of which the Holding Period Trustee is holding the Trust Assets on trust on the terms of this Deed, and each of their respective transferees to the extent recognised as transferees under clause 13 (*Sales, Assignments or Transfers*) of the Scheme.

“**Clearing System Account**” means an account held with either Euroclear or Clearstream.

“**Proceedings**” has the meaning given to it in Clause 11.

“**Trust**” means the holding period trust established in accordance with this Deed in order to hold the Trust Assets for the benefit of the Beneficiaries and in respect of which the Holding Period Trustee is the trustee.

“**Trustee Ordinance**” means the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong).

1.2 **Interpretation**

In this Deed:

- (a) a reference to a clause, unless the context requires, is a reference to a clause of this Deed;
- (b) a reference to a statute or statutory provision is a reference to that statute or statutory provision as re-enacted, amended or extended before the date of this Deed and includes reference to any subordinate legislation (as enacted, amended or extended) made under it before the date of this Deed;
- (c) a reference to a person includes a reference to a government, state, state agency, corporation, body corporate, association or partnership;
- (d) a reference to a person includes a reference to that person's legal personal representatives, successors in title, permitted assigns and permitted transferees;
- (e) a reference to the "Company" or the "Holding Period Trustee" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (f) the singular includes the plural and *vice versa* (unless the context otherwise requires); and
- (g) the headings in this Deed do not affect its interpretation.

2. HOLDING PERIOD TRUST

2.1 Provision of Information

The Company shall provide the Holding Period Trustee with any information which the Holding Period Trustee may reasonably specify as being necessary or desirable to enable the Holding Period Trustee to perform its obligations under this Deed.

2.2 Transfer and Receipt of Trust Assets

The Holding Period Trustee hereby acknowledges receipt of the Trust Assets conveyed, transferred and assigned to it by the Company and consents to the terms of this Deed.

2.3 Declaration of Trust

- (a) The Holding Period Trustee hereby admits, acknowledges and declares that it shall hold the Trust Assets on bare trust for the benefit of the Beneficiaries in accordance with the terms of this Deed.
- (b) The Holding Period Trustee is authorised to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Holding Period Trustee under this Deed, or under, or in connection with, the Scheme, together with any other incidental rights, powers, authorities and discretions.
- (c) The Holding Period Trustee shall not at any time whatsoever have any beneficial interest in the Trust Assets held by it pursuant to this Deed.

2.4 Distributions to Beneficiaries

If any Beneficiary fulfils the following conditions on or prior to the Bar Time:

- (a) establishes, to the reasonable satisfaction of the Holding Period Trustee that it held a beneficial interest as principal in the Notes at the Record Time or that it is a recognised transferee of a person who held such interest as at that time in accordance with clause 13 (*Sales, Assignments or Transfers*) of the Scheme;
- (b) supplies or procures the supply of, all documentation and other evidence as may be reasonably requested by the Holding Period Trustee or the Information Agent or any relevant bank in order for the Holding Period Trustee or the bank to comply with all necessary “know your customer” or other similar checks that it is required to comply with in order to make the distributions to such Beneficiary under the terms of this Deed;
- (c) submits (or procures that its Account Holder submits) a duly completed Account Holder Letter to the Information Agent via the Transaction Website; and
- (d) submits (or procures that its Account Holder submits), together with the duly completed Account Holder Letter as submitted in paragraph (c) above, the Distribution Confirmation Deed and, if applicable, the Designated Recipient Form which are appended to the Account Holder Letter to the Information Agent;

the Holding Period Trustee shall transfer to such Beneficiary its entitlement to the Trust Assets. Any such Beneficiary's share of the Trust Assets shall be determined in accordance with clause 8.1 of the Scheme. The Trust Assets shall be transferred to the Clearing System Account designated by that Beneficiary in its Account Holder Letter as soon as practicable (and shall use reasonable endeavours to effect the transfer on the date falling three Business Days after the date of the conditions in this Clause 2.4 have been satisfied) but in any case no later than the Holding Period Expiry Date.

- 2.5 Immediately after the Bar Time, any remaining Trust Assets held by the Holding Period Trustee shall be held on trust by the Holding Period Trustee on the terms of this Deed for and on behalf of, and distributed pro rata to, the Eligible Creditors, such that each Eligible Creditor will receive a share of the Trust Assets calculated on the basis of the proportion that the Scheme Claim by that Eligible Creditor bears to the aggregate Scheme Claims at the Record Time.

3. FRACTIONAL ENTITLEMENTS

- 3.1 Subject in each case to a minimum denomination of US\$10,000, if the principal amount of the Trust Assets to be delivered to, or on behalf of, a Beneficiary resulting from any calculation made in accordance with the Scheme is not an integral multiple of US\$1,000, that amount shall be rounded down to the nearest integral multiple of US\$1,000.
- 3.2 A cash adjustment will be payable by the Company to each relevant Beneficiary as a result of the rounding down described in Clause 3.1 or if the principal amount of the Trust Assets to be delivered to, or on behalf of, a Beneficiary is below US\$10,000.
- 3.3 As soon as practicable following the Bar Time, the Holding Period Trustee will inform the Company of: (a) the aggregate amount of cash adjustments required to be paid to Beneficiaries pursuant to Clause 3.2; and (b) the relevant Beneficiaries.
- 3.4 The Company shall ensure that such cash adjustments are paid by way of transfer to the Clearing System cash account (in the name of the Account Holder) designated by the relevant Beneficiary in its Account Holder Letter on or as soon as practicable following the Holding Period Expiry Date.

4. ROLE OF HOLDING PERIOD TRUSTEE

4.1 Instructions

- (a) The Holding Period Trustee hereby agrees in favour of the Beneficiaries that it shall deal with the Trust Assets only as contemplated by this Deed and as instructed by the Beneficiaries pursuant to this Deed and each Account Holder Letter delivered to the Information Agent. The Holding Period Trustee's duties under this Deed are solely mechanical and administrative in nature and the Holding Period Trustee may request clarification of any instruction or obligation placed upon it pursuant to this Deed from the Company as issuer of the New Notes and the Enhanced Return Notes or any Beneficiary (as applicable) as to whether, and in what manner, the Holding Period Trustee should act or refrain from acting (and shall not be liable).

- (b) Wherever any provision of this Deed refers to the Holding Period Trustee agreeing or consenting to any request, agreement or action, or where any reference is made to any action being taken at the direction of the Holding Period Trustee, such references shall be deemed to refer to the Holding Period Trustee agreeing, consenting or acting, as applicable, on, or pursuant to, the instructions of the Beneficiaries acting together. The Holding Period Trustee shall, unless instructed or directed otherwise, act (or refrain from acting) having regard to the interests of the Beneficiaries in accordance with its fiduciary duty as bare trustee of the Holding Period Trust.
- (c) The Holding Period Trustee shall (i) have no discretion in the making or withholding of any distribution to a Beneficiary and (ii) be entitled to rely upon the instructions given by the Beneficiaries pursuant to this Deed and each Account Holder Letter delivered to the Information Agent and all other information provided to it by the information Agent without the need for further investigation or inquiry, and shall have no liability to any person for acting on the basis of such information.

4.2 Rights and Information

The Holding Period Trustee may:

- (a) rely on any written representation, communication, notice or document believed by it, acting in good faith, to be genuine, correct and appropriately authorised and received by it in the course of performing its obligations under this Deed (including instructions, data or information provided by a Beneficiary or the Clearing Systems and information as to the entitlements of the Beneficiaries provided by the Information Agent); and
- (b) rely on a certificate from any person received by it in the course of performing its obligations under this Deed:
 - (i) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (ii) to the effect that such person approves of any particular dealing, transaction, step, action or thing, as sufficient evidence that that is the case and, in the case of paragraph (i) above, may assume the truth and accuracy of that certificate.

4.3 Information from the Information Agent

- (a) The Holding Period Trustee may request the Company to procure the provision of any information by the Information Agent that the Holding Period Trustee may reasonably specify as being necessary or desirable to enable the Holding Period Trustee to perform its functions as Holding Period Trustee, including, but not limited to, a list of the Scheme Creditors as at the Bar Time (including details of their Scheme Claims at the Record Date), copies of the Account Holder Letters submitted pursuant to the provisions of the Scheme and the Explanatory Statement, to the extent such forms, notifications and confirmations relate to any Beneficiary.

- (b) For the avoidance of doubt, the Holding Period Trustee shall not be required to make any determination in respect of any of the requirements or conditions referred to in Clause 2.4 above and may rely on any confirmation or information provided by the Information Agent for all purposes of this Deed.
- (c) The Holding Period Trustee is authorised to disclose information concerning the Holding Period Trust, and the Trust Assets to its subsidiaries and affiliates and other providers of services as may be necessary in connection with its performance of this Deed (including but not limited to lawyers and accountants for the Holding Period Trustee) and may disclose to third parties that it is providing the services contemplated by this Deed.

4.4 Miscellaneous

- (a) Where there are any inconsistencies between the Trustee Ordinance and the provisions of this Deed, the provisions of this Deed shall, to the extent allowed by law, prevail.
- (b) In accepting its appointment, the Holding Period Trustee acts solely as trustee of the Trust and not in any other capacity, and all persons having any claim against the Holding Period Trustee by reason of the transactions contemplated in this Deed shall not have any recourse to the Holding Period Trustee except as expressly provided in this Deed.
- (c) The Holding Period Trustee shall use the same degree of care with respect to the Trust Assets transferred to or by it that it uses for property that it holds for itself in its individual capacity. Except as permitted hereunder, the Holding Period Trustee shall not sell, pledge, re-hypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business, any of the Trust Assets.
- (d) The Holding Period Trustee shall not be responsible for any liability which results solely and directly from its acting upon any written instruction provided by a Beneficiary in accordance with the terms of this Deed or any written communication, certificate, legal opinion, instruction or other document received or obtained by it in the course of performing its obligations under this Deed and believed by it to be genuine and correct and to have been signed by, or with the authority of the proper person; and any written statement made to it in the course of, and as part of, performing its obligations under this Deed by a director, officer, partner or employee or authorised representative of any person regarding any matters which may reasonably be assumed to be within the maker's knowledge or within the maker's power to verify, save in relation to the Holding Period Trustee's own gross negligence, wilful misconduct or fraud.
- (e) The Holding Period Trustee shall not be liable in any way for its reliance on the instructions, data or information provided by the Clearing Systems, any Beneficiary or the Information Agent, save in relation to the Holding Period Trustee's own gross negligence, wilful misconduct, or fraud.
- (f) The Holding Period Trustee shall not: (a) have any duty to obtain any insurance on the Trust Assets or maintain any such insurance; or (b) be responsible for

any recording or filing or the maintenance of any such recording or filing with any relevant government agency.

- (g) The Holding Period Trustee agrees that it will not manage, control, possess, use, sell, lease, dispose of or otherwise deal with Trust Assets, except as otherwise expressly provided in this Deed.
- (h) The Holding Period Trustee agrees that it will not and shall not be obligated to exercise any rights (including but not limited to any voting rights) conferred by or under any of the Trust Assets or any instrument constituting the Trust Assets (including but not limited to the New Notes Indenture). The Holding Period Trustee shall be fully protected and not incur any liability to anyone for any loss (whether to the Trust Assets or any person) arising directly or indirectly from the non-exercise by the Holding Period Trustee of any such rights.
- (i) No provision of this Deed shall require the Holding Period Trustee to do anything which may: (a) be illegal or contrary to applicable law or regulation, or any internal anti-money laundering or “know your client” policies established by the Holding Period Trustee; or (b) cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its own rights or powers.
- (j) The Holding Period Trustee shall be entitled to seek and rely upon, and shall be protected in acting in good faith upon, the advice or opinion obtained from any legal counsel or other expert who the Holding Period Trustee may appoint and shall not be responsible or liable for any liability occasioned by so acting (or for any delay or inaction pending the obtaining of such advice or opinion in good faith).
- (k) As between itself and the Beneficiaries the Holding Period Trustee may fairly and reasonably determine questions and doubts arising from any of the provisions of this Deed. If the content or meaning of an Account Holder Letter or other information provided by a Beneficiary is unclear or ambiguous so that the Information Agent is unable to determine the intention of such Account Holder Letter or other information, the Information Agent shall as soon as reasonably practicable notify the relevant Beneficiary of such lack of clarity and ambiguity, and the Information Agent shall be entitled to refuse to take any action in respect of such Account Holder Letter or other information until any such lack of clarity or ambiguity has, in the opinion of the Information Agent been satisfactorily resolved. For the avoidance of doubt, neither the Information Agent nor the Holding Period Trustee shall have any liability for refusing to take any action in accordance with this Clause 4.4(k). Unless otherwise determined by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, such determinations will be presumed conclusive and shall bind the Holding Period Trustee and the Beneficiaries.
- (l) Notwithstanding anything else herein contained, the Holding Period Trustee may refrain from doing anything which would in its reasonable opinion be contrary to any law of any jurisdiction, any court order or arbitral award or any directive or regulation of any agency or any state or which would or otherwise

render it liable to any person or which it would not have the power to do in that jurisdiction and may do anything which is, in its opinion, necessary to comply with any such law, court order, arbitral award, directive or regulation.

- (m) Notwithstanding anything to the contrary in this Deed, to the extent permitted by any applicable law, the Holding Period Trustee shall not be responsible or accountable in damages or otherwise to the Beneficiaries or any other party, for any loss, damage or claim incurred by reason of any act or omission performed or omitted by it in good faith in accordance with this Deed and in a manner that the Holding Period Trustee believed to be within the scope of the authority conferred on the Holding Period Trustee by this Deed or by law or regulation, provided however, the Holding Period Trustee shall only be liable under this Deed for any damages, costs or losses or any liability caused directly by its own gross negligence, wilful misconduct or fraud.
- (n) The duties, responsibilities and obligations of the Holding Period Trustee shall be limited to those expressly set forth herein and, subject to applicable laws and regulations, no duties, responsibilities or obligations shall be inferred or implied. To the extent permitted by any applicable law, under no circumstances shall the Holding Period Trustee be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Holding Period Trustee has been advised of the possibility of such loss or damages.
- (o) Each of the Parties may share a copy of this Deed with any Scheme Creditor, provided that any such Scheme Creditor has provided certain confirmations to the Information Agent (in a form which is to the reasonable satisfaction of the Information Agent).
- (p) The Holding Period Trustee is authorised to disclose information concerning the Trust and the Trust Assets to its subsidiaries and its affiliated and other providers of services as may be necessary in connection with the administration of the Trust Assets or performance of this Deed (including but not limited to lawyers and accountants for the Holding Period Trustee) and may disclose to third parties that it is providing services contemplated by this Deed.
- (q) The Holding Period Trustee shall not be required to take any legal action or proceedings unless it has been indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (r) The Holding Period Trustee shall have no responsibility whatsoever to any person as regards any deficiency which might arise because the Holding Period Trustee or any other person is subject to any tax in respect of the Trust Assets, income therefrom or the proceeds thereof.
- (s) The Holding Period Trustee shall have no obligation to monitor or supervise (and shall assume no responsibility for) the actions or functions of the Information Agent, any Clearing System or any other party and shall, subject to Clause 4.4(k), be under no obligation to seek or solicit any communication or

certificate and in the absence of actual knowledge of a breach of obligation shall be entitled to assume that the relevant party is properly performing and complying with its obligations. The Holding Period Trustee shall have no liability to any person for any loss, liability, damages or expense (together, “Loss”) which that person may suffer or incur where such Loss arises in connection with or as a result of any failure or delay on the part of any registrar, account bank, custodian or a Clearing System in complying with instructions provided to it in connection with any transfer of Trust Assets.

- (t) Without limiting Clause 4.4(u) (and without prejudice to any other provision of the Scheme and the Explanatory Statement excluding or limiting the liability of the Holding Period Trustee), the Holding Period Trustee (both in its capacity as the Holding Period Trustee and as legal holder of the Trust Assets) will not be liable for any losses, costs, claims, liabilities, damages, demands and expenses of any kind whatsoever (and any interest thereon) reasonably incurred by it which result from any action, claim or proceeding of any kind brought against it in connection with the Scheme or this Deed (including, but not limited to, all reasonably incurred costs, charges and expenses (together with any taxes thereon) paid or incurred in disputing or defending any of the foregoing) or as a result of any action taken or omitted to be taken by it before the date of this Deed in preparation for acting hereunder.
- (u) No party (other than the Holding Period Trustee) may take any proceedings against any officer, employee or agent of the Holding Period Trustee in respect of any claim it might have against the Holding Period Trustee, or in respect of any act or omission of any kind by that officer, employee or agent in relation to the Deed or the Restructuring.
- (v) Without prejudice to any provision of this Deed excluding or limiting the liability of the Holding Period Trustee arising under or in connection with this Deed, the liability of the Holding Period Trustee shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered but without reference to any special conditions or circumstances known to the Holding Period Trustee at any time which increase the amount of that loss.

5. APPOINTEES

- 5.1 Whenever it considers it expedient in the interests of the Beneficiaries, the Holding Period Trustee may, in the conduct of its trust business under this Deed, act by any responsible officer or officers or employees, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Holding Period Trustee (including the receipt and payment of money).
- 5.2 Whenever it considers it expedient in the interests of the Beneficiaries, the Holding Period Trustee may delegate to any person subject to using reasonable care in such delegation on any terms (including power to sub-delegate) all or any of its functions.
- 5.3 In relation to any asset held by it under this Deed, the Holding Period Trustee may appoint any person to act as its nominee or custodian on any terms.

- 5.4 Provided that the Holding Period Trustee exercises reasonable care in selecting any agent, delegate, nominee or custodian appointed under this Clause 5 (an “**Appointee**”), to the extent permitted by any applicable law, the Holding Period Trustee will not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee's misconduct or default or the misconduct or default of any substitute appointed by the Appointee.

6. RETIREMENT OF HOLDING PERIOD TRUSTEES AND APPOINTMENT OF CO-HOLDING PERIOD TRUSTEES

- 6.1 Any Holding Period Trustee may retire at any time on giving at least thirty (30) days' prior written notice to the Scheme Creditors, without giving any reason and without being responsible for any costs occasioned by such retirement. If any Holding Period Trustee gives notice of retirement at a time when it is the sole Holding Period Trustee, that Holding Period Trustee shall, as soon as reasonably practicable, appoint another suitably qualified Person as its successor.
- 6.2 The retiring Holding Period Trustee shall make available to the successor Holding Period Trustee all such documents and records and provide all such assistance as the successor Holding Period Trustee may reasonably request for the purposes of performing its functions as the Holding Period Trustee under this Deed.
- 6.3 No retirement of a Holding Period Trustee shall be effective unless and until the retiring Holding Period Trustee has delivered all Trust Assets held by it to the successor Holding Period Trustee.
- 6.4 The Holding Period Trustee may, by written notice to the Scheme Creditors appoint a suitably qualified Person to act as an additional Holding Period Trustee jointly with the Holding Period Trustee:
- (a) if the Holding Period Trustee considers such appointment to be in the interests of the Beneficiaries;
 - (b) to conform with any legal requirement, restriction or condition in a jurisdiction in which a particular act is to be performed; or
 - (c) to obtain a judgment or to enforce a judgment or any provision of this Deed in any jurisdiction.
- 6.5 Subject to the provisions of this Deed the Holding Period Trustee may confer on any person appointed as an additional Holding Period Trustee such functions as it thinks fit. The Holding Period Trustee may by written notice to the Scheme Creditors and such additional Holding Period Trustee remove any person appointed as an additional Holding Period Trustee.
- 6.6 If there are more than two Holding Period Trustees, the majority of them acting together will be competent to perform the Holding Period Trustee's functions.

7. REMOVAL OF HOLDING PERIOD TRUSTEE

- 7.1 At any time after the Bar Time, Eligible Creditors holding more than 50% in value of all Scheme Claims may terminate the appointment of the Holding Period Trustee (the

“Outgoing Holding Period Trustee”) and appoint a successor holding period trustee on substantially the same terms as this Deed.

7.2 Subject to Clause 7.3, the appointment of a successor holding period trustee will only become effective upon such successor accepting its appointment as holding period trustee in writing, at which time:

- (a) the successor holding period trustee will become bound by all the obligations of the Holding Period Trustee under this Deed, and become entitled to all the rights, privileges, powers, authorities and discretions of the Holding Period Trustee under this Deed;
- (b) the appointment of the Outgoing Holding Period Trustee will terminate but without prejudice to any liabilities which the Outgoing Holding Period Trustee may have incurred prior to the termination of its appointment; and
- (c) subject to paragraph (b) above, the Outgoing Holding Period Trustee will be discharged from any further liability or obligation under this Deed.

7.3 The Outgoing Holding Period Trustee shall not be discharged from any further liability or obligation under this Deed until all necessary deeds and documents have been entered into and all necessary steps and actions have been taken (including the satisfaction of any ‘know your customer’ requirements by the successor holding period trustee), and the Parties shall take all such necessary steps and actions in a timely manner in order to substitute the successor holding period trustee as the trustee of the Trust Assets.

7.4 The Outgoing Holding Period Trustee shall make available to the successor holding period trustee such documents or records and provide such assistance as the successor holding period trustee may reasonably request for the purpose of performing its functions as holding period trustee.

8. **TERMINATION**

Once all of the Trust Assets have been transferred to the Beneficiaries by the Holding Period Trustee in accordance with Clauses 2.4 and 2.5, the trust set out in this Deed shall be wound up.

9. **CONFLICT**

This Deed is expressly intended to supplement the obligations set out in the Scheme. If at any time there shall be any conflict between the provisions of this Deed and the provisions of the Scheme, the provisions of the Scheme shall prevail.

10. **THIRD PARTIES**

This Deed is for the benefit of the Beneficiaries and the Beneficiaries shall be able to enforce the terms of this Deed. It is intended that the Company shall be able to enforce the terms of this Deed. Save as aforesaid, a person who is not a party to this Deed shall have no rights, whether under the Contracts (Rights of Third Parties) Ordinance (Cap 623) or otherwise, to enforce any of its terms.

11. GOVERNING LAW AND JURISDICTION

This Deed and any disputes or claims arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) (a “**Dispute**”), shall be governed by and construed in accordance with the laws of Hong Kong. The courts of Hong Kong will have exclusive jurisdiction to settle any Dispute and accordingly any suit, action or proceedings arising out of or in connection with this Deed (together referred to as “**Proceedings**”) may be brought in such courts. The Holding Period Trustee irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of Hong Kong and any claim that any Proceedings have been brought in an inconvenient forum.

12. NOTICES

- 12.1 Any notice, instruction or other written communication to be given to the Holding Period Trustee under or in relation to this Deed shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by post or electronic mail to the Holding Period Trustee at:

Address: Sanxing Group, Handian Industrial Park, Zouping, Shandong, 256209, PRC
Email: chengq16263@126.com
Attention: Cheng Qiang

or such other address as may be notified by the Holding Period Trustee to the Beneficiaries from time to time. For the purposes of this Deed, an electronic communication will be treated as being in writing.

- 12.2 Any notice, instruction or other written communication to be given to the Holding Period Trustee under or in relation to this Deed shall be deemed to have been served:
- (a) if delivered by hand, on the first Business Day following delivery;
 - (b) if sent by post, on the second Business Day after posting if the recipient is in the country of dispatch, and otherwise on the fifth Business Day after posting; and
 - (c) if sent by electronic mail, when received in legible form.

ANNEX 1

SANCTION ORDER

IN WITNESS of which this Deed has been duly executed and delivered as a deed on the date first appearing on this Deed.

The Holding Period Trustee

Executed and delivered as a deed by
**KNIGHT CASTLE INVESTMENTS
LIMITED (爵堡投資有限公司)** acting
by an authorised signatory in the presence of:

.....
Name:

Title:

.....
Witness's signature

Witness Name:

Witness Address:

The Company

Executed and delivered as a deed by
**KNIGHT CASTLE INVESTMENTS
LIMITED (爵堡投資有限公司)** acting
by an authorised signatory in the presence of:

.....
Name:

Title:

.....
Witness's signature

Witness Name:

Witness Address:

DATED _____ 2024

(1) KNIGHT CASTLE INVESTMENTS LIMITED

(2) THE PARENT GUARANTOR

(3) SAN XIN

(4) THE NOTES TRUSTEE

(5) THE DEPOSITARY

(6) THE NEW TRUSTEE

(7) THE INFORMATION AGENT

DEED OF UNDERTAKING

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THIS DEED is made on

2024

BETWEEN

1. **KNIGHT CASTLE INVESTMENTS LIMITED** (爵堡投資有限公司), a BVI business company incorporated with limited liability under the laws of the BVI with company number 1959066 and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the “**Company**”);
2. **SHANDONG SANXING GROUP COMPANY LTD.**, a company incorporated with limited liability under the laws of the People's Republic of China (the “**Parent Guarantor**”);
3. **SAN XIN HOLDINGS LIMITED**, a company incorporated with limited liability in Hong Kong with company number 2558732 whose registered office is at Suites 1106-08, 11th floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong (“**San Xin**”);
4. **CITICORP INTERNATIONAL LIMITED**, in its capacity as trustee under the Indenture (the “**Notes Trustee**”);
5. **CITIBANK EUROPE PLC**, in its capacity as common depository for the clearing systems, acting through its nominee, Citivic Nominees Limited (the “**Depository**”);
6. **MADISON PACIFIC TRUST LIMITED**, a company organised and existing under the laws of Hong Kong with limited liability, in its capacity as trustee under both the New Notes Indenture and the ERN Indenture (the “**New Trustee**”) and as collateral agent for the secured parties in respect of any security interest created to any New Notes Collateral Documents (the “**Collateral Agent**”);
7. **D.F KING LTD**, a business name of Orient Capital Pty Ltd, a company taken to be registered incorporated in New South Wales, Australia, and registered to do business in Hong Kong with companies registration number F0016526 whose office is at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Central, Hong Kong, in its capacity as the information agent under this Deed (the “**Information Agent**”);

WHEREAS:

- (A) On 23 January 2018, the Company entered into the Indenture pursuant to which the Notes were constituted and such indebtedness was guaranteed by the Parent Guarantor.
- (B) A scheme of arrangement has been proposed in respect of the Company under section 179A of the BVI Business Companies Act 2004 (the “**Scheme**”), the terms of which are described in further detail in the composite scheme document dated [●] addressed to Scheme Creditors which contains, among other things, the explanatory statement of the Company relating to the Scheme (the “**Scheme Document**”).
- (C) Pursuant to the Scheme and amongst other things as set out more fully in the Scheme Document:

- a. the Released Claims that each of the Scheme Creditors have against the Company, the Parent Guarantor the Group and their Affiliates and their Personnel are being released;
 - b. the Company is the issuer of the New Notes and the Enhanced Return Notes;
 - c. the Parent Guarantor will grant a guarantee in respect of the obligations of the Company under the New Notes Indenture and the ERN Indenture; and
 - d. the Information Agent will act as information agent and perform certain functions under the Scheme including without limitation determining the amount of Scheme Consideration to be distributed to each Scheme Creditor; and
- (D) Each Undertaking Party (as defined below) has agreed to enter into a deed of undertaking in the form of this Deed, among other things, to agree to be bound by the terms of the Scheme.

IT IS AGREED as follows:

1 Definitions and interpretation

Capitalised terms used in this Deed and not defined herein shall have meanings ascribed to them in the Scheme Document.

1.1 In this Deed:

"**BVI**" means the British Virgin Islands.

"**BVI Court**" means the BVI High Court of Justice of the Eastern Caribbean Supreme Court.

"**Parties**" means the parties to this Deed.

"**Undertaking Parties**" means, together, the Company, the Parent Guarantor, San Xin, the Notes Trustee, the Depositary, the New Trustee, the Collateral Agent and the Information Agent, and each an "**Undertaking Party**".

1.2 Interpretation

In this Deed, save where the context otherwise requires:

- 1.2.1 the singular shall include the plural and *vice versa*;
- 1.2.2 the headings to the recitals, clauses and sub-clauses are for ease of reference only and shall not affect the interpretation of the Deed;
- 1.2.3 a reference to a provision of law shall be deemed to be a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
- 1.2.4 a reference to a Clause or a Subclause is a reference to a clause or subclause of this Deed;

- 1.2.5 a reference to any document is a reference to that document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto; and
- 1.2.6 a reference to a person includes any individual, company, corporation, unincorporated association, trust or body (including a partnership, company, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality.

2 Undertakings

In accordance with and subject to the terms of the Scheme, each Undertaking Party hereby irrevocably and unconditionally consents to the Scheme, and irrevocably and unconditionally undertakes to the Company, the Scheme Creditors and the BVI Court:

- 2.1 upon the Scheme being sanctioned by the BVI Court, to be bound by the terms and conditions of the Scheme (to the extent applicable to it), in such form as may be sanctioned by the BVI Court; and
- 2.2 upon instructions by the Company or, if applicable, the Information Agent:
- 2.2.1 to execute, do or procure to be executed and done all such documents; and
- 2.2.2 to do or procure to be done all such acts or things,
- as may be necessary or reasonably desirable to be executed or done by it for the purposes of giving effect to the terms of the Scheme.

3 Notes Trustee and Depositary undertakings

The Notes Trustee and the Depositary, acting through its nominee as registered holder of the Notes, Citivic Nominees Limited, hereby irrevocably and unconditionally undertake to the Company and the BVI Court not to vote at the Scheme Meeting.

4 Further assurance

At the request of the Company or, if applicable, the Information Agent, each Undertaking Party shall execute and deliver such documents, and do such things, as may reasonably be required to give full effect to this Deed and the terms of the Scheme that apply to that Undertaking Party.

5 Severability

Each provision contained in this Deed shall be severable and distinct from every other such provision and if at any time any one of the provisions contained herein is or becomes invalid, illegal or unenforceable in any respect under the laws of any jurisdiction, neither the validity, legality or enforceability of the remaining provisions under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

6 Amendments and waivers

Any term of this Deed may be amended or waived only with the consent of the Parties and any such amendment or waiver will be binding on all Parties.

7 Governing law and jurisdiction

7.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed and construed in accordance with the laws of the BVI.

7.2 Jurisdiction

The BVI Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of or in connection with this Deed or any non-contractual obligations arising out of or in connection with this Deed and, for such purposes, each of the Parties irrevocably submits to the jurisdiction of the courts of the BVI.

8 Counterparts

This Deed may be executed in any number of counterparts each of which when executed shall constitute a duplicate original and all of which shall constitute one and the same instrument as if the signatures on the counterparts were on a single copy of the instrument.

9 Third Party Rights

Save as expressly stated in this Clause 9 (*Third Party Rights*) of this Deed, this Deed shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary or be able to enforce any term of this Deed. Scheme Creditors and, for the avoidance of doubt, the BVI Court may enforce this Deed. The consent of any person who is not a party to this Deed is not required to amend or modify this Deed from time to time.

EXECUTION PAGES

This Deed was duly signed and sealed as a deed and delivered on the date which first appears on the first page.

EXECUTED AS A DEED

For and on behalf of **KNIGHT CASTLE INVESTMENTS LIMITED**

Name:

Title:

in the presence of witness:

Name:

Address:

THE PARENT GUARANTOR

EXECUTED AS A DEED

For and on behalf of **SHANDONG SANXING GROUP COMPANY LTD.**

Name:

Title:

in the presence of witness:

Name:

Address:

SAN XIN

EXECUTED AND DELIVERED AS A DEED

by **SAN XIN HOLDINGS LIMITED** acting by its duly authorised directors

Name:

Title:

Name:

Title:

THE NOTES TRUSTEE

EXECUTED AS A DEED

For and on behalf of **CITICORP INTERNATIONAL LIMITED**

Authorised Signatory:

THE DEPOSITARY

EXECUTED AS A DEED

For and on behalf of **CITIBANK EUROPE PLC**

Authorised Signatory:

THE NEW TRUSTEE

EXECUTED AS A DEED

For and on behalf of **MADISON PACIFIC TRUST LIMITED**

Name:

Title:

THE COLLATERAL AGENT

EXECUTED AS A DEED

For and on behalf of **MADISON PACIFIC TRUST LIMITED**

Name:

Title:

THE INFORMATION AGENT

EXECUTED AS A DEED

For and on behalf of **D.F. KING LTD.**

Name:

Title:

in the presence of witness:

Name:

Address:

DATED **2024**

(1) KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有限公司
(as Assignor)

(2) SHANDONG SANXING GROUP COMPANY LIMITED (山東三星集團有限公司)
(as Parent Guarantor)

- and -

(3) MADISON PACIFIC TRUST LIMITED
(as Collateral Agent)

ISSUER INTERCOMPANY LOAN ASSIGNMENT

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THIS AGREEMENT is made on

2024

BETWEEN:

- (1) **KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投资有限公司**, a BVI business company incorporated with limited liability under the laws of the British Virgin Islands, whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and with company number 1959066 as assignor (the “**Assignor**”);
- (2) **SHANDONG SANXING GROUP COMPANY LIMITED (山东三星集团有限公司)**, a company established in the People’s Republic of China with limited liability (the “**Parent Guarantor**”); and
- (3) **MADISON PACIFIC TRUST LIMITED** as security trustee for the Secured Parties (as defined below) (in such capacity, the “**Collateral Agent**”).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) terms defined in, or construed for the purposes of, the Notes Indenture (as defined below) have the same meanings when used in this Agreement (unless the same are otherwise defined in this Agreement); and

- (b) at all times the following terms have the following meanings:

“**BVI**” means the British Virgin Islands;

“**BVI Act**” means the BVI Business Companies Act of the BVI (as amended);

“**Default Rate**” means the rate of interest determined in accordance with [section 2.04(d)] of the Notes Indenture;

“**Delegate**” means any delegate, sub-delegate, agent, attorney or co-trustee appointed by the Collateral Agent;

“**Event of Default**” means each Event of Default as defined in the Notes Indenture;

“**Existing Notes**” means the US\$200,000,000 7.99% senior notes due 2021 (ISIN: XS1733826181/ Common Code: 173382618) issued by the Issuer and guaranteed by the Parent Guarantor.

[“**Intercompany Loan Agreement**” means the PRC law governed intercompany loan between the Parent Guarantor as borrower and the Assignor as lender, pursuant to which the Assignor on-let all or substantially all of the proceeds from issuance of the Existing Notes to the Parent Guarantor, as amended to match the terms of the New Notes.]

“**Intercompany Loan Agreement Receivables**” means, in respect of the Assignor, each amount owed to the Assignor under the Intercompany Loan Agreement;

“Majority Noteholders” means, at any time, Holders (as defined in the Notes Indenture) of not less than a majority in aggregate principal amount of the then outstanding Notes;

“Notes” means the US\$[●] 4.00% guaranteed senior notes due issued by the Issuer on or about the date of this Agreement pursuant to the Notes Indenture;

“Notes Creditor Party” means, collectively, the Collateral Agent, any Agent, any Holder and Beneficial Holder (each as defined in the Notes Indenture);

“Notes Documents” means, collectively, the Notes, the Notes Indenture, the Security Documents (as defined in the Notes Indenture) and [*other documents*];

“Notes Indenture” means the indenture dated on or about the date of this Agreement between (among others) the Chargor as issuer, the Parent Guarantor as parent guarantor and the Collateral Agent as collateral agent in relation to the Notes;

“Obligors” means the Issuer and Parent Guarantor under the Notes Indenture;

“Party” means a party to this Agreement;

“PRC” means the People's Republic of China which, for the purpose of this Agreement, does not include Hong Kong, Macau or Taiwan;

“Relevant Jurisdiction” means in relation to the Assignor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to any Security Interest created or expressed to be created by it under this Agreement is situated;
- (c) the jurisdiction whose laws govern the perfection of any Security Interest created or expressed to be created by it under this Agreement; and
- (d) any jurisdiction where it conducts its business;

“Secured Obligations” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of each Obligor to the Collateral Agent and/or the other Secured Parties (or any of them) under or pursuant to any Notes Document (including all monies covenanted to be paid under this Agreement);

“Secured Parties” each Notes Creditor Party and any Delegate;

“Security” means the Security created or evidenced by or pursuant to this Agreement;

“Security Assets” means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Agreement;

“Security Period” means the period beginning on the date of this Agreement and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) no Secured Party has any further commitment, obligation or liability under or pursuant to the Notes Indenture;

1.2 Interpretation

- (a) Unless a contrary indication appears, any reference in this Agreement to:
 - (i) a “**Assignor**”, the “**Parent Guarantor**”, the “**Collateral Agent**” or any other “**Secured Party**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Collateral Agent, any person for the time being appointed as Collateral Agent or Collateral Agents in accordance with the Notes Indenture;
 - (ii) “**this Agreement**”, the “**Notes**”, the “**Notes Indenture**” any other “**Notes Document**” or any other agreement or instrument is a reference to this Agreement, the Notes, the Notes Indenture, that other Notes Document or that other agreement or instrument as amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time (however fundamentally and even if any of the same increases the obligations of any member of the Group or provides for further advances); and
 - (iii) “**Secured Obligations**” includes obligations and liabilities which would be treated as such but for the liquidation, administration or dissolution of or similar event affecting any member of the Group.
- (b) Each undertaking of the Assignor (other than a payment obligation) contained in this Agreement:
 - (i) must be complied with at all times during the Security Period; and
 - (ii) is given by the Assignor for the benefit of the Collateral Agent and each other Secured Party.
- (c) If the Collateral Agent reasonably considers that an amount paid by any member of the Group to a Secured Party under a Notes Document is capable of being avoided or otherwise set aside on the liquidation or administration of such member of the Group, then that amount shall not be considered to have been irrevocably paid for the purposes of this Agreement.

2. COVENANT TO PAY

2.1 Covenant to pay

- (a) The Assignor, as principal obligor and not merely as surety, covenants in favour of the Collateral Agent that it will pay and discharge the Secured Obligations from time to time when they fall due.
- (b) Every payment by the Assignor of a Secured Obligation which is made to or for the benefit of a Secured Party to which that Secured Obligation is due and payable in accordance with the Notes Document under which such sum is payable to that Secured Party, shall operate in satisfaction to the same extent of the covenant contained in Clause 2.1(a).

2.2 Default interest

Any amount which is not paid under this Agreement when due shall bear interest on a daily basis (both before and after judgment and payable on demand) at the Default Rate from the

due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full.

3. GRANT OF SECURITY

3.1 Nature of security

All the security created or made by or pursuant to this Agreement are created or made:

- (a) in favour of the Collateral Agent;
- (b) with full title guarantee; and
- (c) as continuing security for payment of the Secured Obligations.

3.2 Security assignments

The Assignor assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all of its present and future right, title and interest in and to:

- (a) the Intercompany Loan Agreement; and
- (b) all the Intercompany Loan Receivables owed to it;

3.3 Notice of assignment - immediate notice

On the date of this Agreement, the Parties acknowledge and agree that:

- (a) the Assignor shall be deemed to have served a notice of assignment in the form of Part 1 of Schedule 1 (*Letter for Intercompany Loan Receivables*) on the Parent Guarantor; and
- (b) the Parent Guarantor shall be deemed have acknowledged the notice referred to in paragraph (a) above, in the form of Part 2 of Schedule 1 (*Letter for Intercompany Loan Receivables*).

4. CONTINUING SECURITY

4.1 Continuing security

The Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Agreement shall remain in full force and effect as a continuing security for the duration of the Security Period.

4.2 Additional and separate security

This Agreement is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Collateral Agent and/or any other Secured Party may at any time hold for any Secured Obligation.

4.3 Right to enforce

This Agreement may be enforced against the Assignor without the Collateral Agent and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it or any of them.

5. LIABILITY OF THE ASSIGNOR RELATING TO SECURITY ASSETS

Notwithstanding anything contained in this Agreement or implied to the contrary, the Assignor remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Collateral Agent is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

6. REPRESENTATIONS

6.1 General

Each of the Assignor and the Parent Guarantor makes the representations and warranties set out in this Clause 6 to the Collateral Agent and to each other Secured Party.

6.2 Status

It is a company, duly incorporated and validly existing under the law of its jurisdiction of incorporation and it has the power to own its assets and carry on its business as it is being conducted.

6.3 Binding obligations

- (a) This Agreement has been duly executed and delivered by it and the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations.
- (b) This Agreement creates the security interests which it purports to create, and those security interests are valid and effective and are not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise.

6.4 Non-conflict with other obligations

The entry into and performance by it of this Agreement and the transactions and granting of Security contemplated by it do not and will not conflict with:

- (a) any law or regulation applicable to it; or
- (b) its constitutional documents; or
- (c) any agreement or other obligation binding on it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

6.5 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement.
- (b) No limit on its powers will be exceeded as a result of the grant of security contemplated by this Agreement.
- (c) It is acting in all matters relating to this Agreement for its own account and not as trustee, nominee or agent or any other capacity whatsoever.

6.6 Validity and admissibility in evidence

All governmental and other authorisations, approvals, licences and consents required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Agreement; and
- (b) to make this Agreement admissible in evidence in a Relevant Jurisdiction,

have been obtained or effected and are in full force and effect.

6.7 Governing law and enforcement

- (a) The choice of PRC law as the governing law of this Agreement will be recognised and enforced in its Relevant Jurisdiction.
- (b) Any judgment obtained in PRC or Hong Kong in relation to this Agreement will be recognised and enforced in its Relevant Jurisdiction.

6.8 Insolvency

- (a) It is not insolvent or subject to any winding up proceedings or receivership orders and as far as it is aware after all due enquiry, no insolvency proceedings have been threatened or commenced against any Obligor.
- (b) No formal action has been taken in, or event or circumstance has occurred which triggers, the liquidation, dissolution, striking off, winding up or the granting of a receivership order (as applicable) of any Obligor.

6.9 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations are currently taking place or threatened in relation to any of the Security Assets.

6.10 Ranking

The Security has a first ranking priority and is not subject to any prior ranking or pari passu Security.

6.11 No Security

No security (other than that created by this Agreement) exists over any Security Assets.

6.12 Ownership of Security Assets

The Assignor is the sole legal and beneficial owner of all the Security Assets.

6.13 Time when representations made

Unless a representation and warranty is expressed to be given at a specific date, each representation and warranty under this Agreement is deemed to be made by the Assignor by reference to the facts and circumstances then existing on each day within the Security Period.

7. UNDERTAKINGS BY THE ASSIGNOR

7.1 Undertaking

The Assignor shall not do or agree to do any of the following without the prior written consent of the Collateral Agent:

- (a) create or permit to subsist any Security or Quasi-Security on any Security Asset other than as created by this Agreement and except for a Permitted Liens;
- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not and whether voluntarily or involuntarily) the whole or any part of its interest in any Security Asset except for as expressly permitted by the Notes Indenture;
- (c) amend or waive any term of, or terminate, or assign, or permit the assignment of, the Intercompany Loan Agreement or the Intercompany Loan Agreement Receivables owed to it unless otherwise expressly permitted under the Finance Documents; or
- (d) take any action which might jeopardise:
 - (i) the existence or enforceability of the Intercompany Loan Agreement; or
 - (ii) the existence or recoverability of the Intercompany Loan Agreement Receivables.

7.2 Security Assets generally

The Assignor shall:

- (a) promptly notify the Collateral Agent (in any event within 5 days of receipt) of every material notice, order, application, requirement or proposal given or made in relation to the Security Assets by any competent authority, and (if required by the Collateral Agent):
 - (i) promptly provide it with a copy of the same; and
 - (ii) either (A) comply with such notice, order, application, requirement or proposal or (B) make such objections to the same as the Collateral Agent may require or approve;
- (b) promptly pay all rates, rents and other outgoings owed by it in respect of the Security Assets;
- (c) promptly comply with:
 - (i) all obligations in relation to the Security Assets under any present or future regulation or requirement of any competent authority or any Authorisation; and
 - (ii) all covenants and obligations affecting any Security Asset (or its manner of use),

- (d) not, except with the prior written consent of the Collateral Agent, enter into any onerous or restrictive obligation affecting any Security Assets (except as expressly permitted by the Notes Indenture);
- (e) promptly provide the Collateral Agent with all information which it may reasonably request in relation to the Security Assets; and
- (f) not do, cause or permit to be done anything which would, or would be reasonably likely to, in any way depreciate, jeopardise or otherwise prejudice the value or marketability of any Security Asset (or make any omission which has such an effect).

8. POWER TO REMEDY

8.1 Power to remedy

If at any time the Assignor does not comply with any of its obligations under this Agreement, the Collateral Agent (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The Assignor irrevocably authorises the Collateral Agent and its employees and agents by way of security to do all such things (including entering the property of the Assignor) which are necessary or desirable to rectify that default.

8.2 Monies expended

The Assignor shall pay to the Collateral Agent on demand any monies which are expended by the Collateral Agent in exercising its powers under this Clause 8, together with interest at the Default Rate from the date on which those monies were expended by the Collateral Agent (both before and after judgment) and otherwise in accordance with Clause 2.2 (*Default interest*).

9. WHEN SECURITY BECOMES ENFORCEABLE

9.1 When enforceable

The Security shall become immediately enforceable upon the occurrence of an Event of Default.

9.2 Statutory powers

The statutory powers conferred to the Collateral Agent (or deemed by this Agreement to be conferred), shall be immediately exercisable upon and at any time after the occurrence of any Event of Default.

9.3 Enforcement

After the Security has become enforceable, the Collateral Agent may in its absolute discretion enforce all or any part of the Security in such manner as it sees fit.

10. ENFORCEMENT OF SECURITY

10.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Agreement.

10.2 Powers of Collateral Agent

- (a) At any time after the Security becomes enforceable (or if so requested by the Assignor by written notice at any time), the Collateral Agent may without further notice (unless required by law):
 - (i) appoint any person (or persons) to be a receiver, receiver and manager or administrative receiver of all or any part of the Security Assets and/or of the income of the Security Assets; and/or
 - (ii) appoint or apply for the appointment of any person who is appropriately qualified as administrator of the Assignor; and/or
 - (iii) exercise all or any of the statutory powers conferred and/or all or any of the powers which are conferred by this Agreement; and/or
 - (iv) exercise (in the name of the Assignor and without any further consent or authority of the Assignor) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Security Assets is registered or who is the holder of any of them.

10.3 Redemption of prior security

- (a) At any time after the Share Security has become enforceable, the Collateral Agent may:
 - (i) redeem any prior Security against any Security Asset; and/or
 - (ii) procure the transfer of that Security to itself; and/or
 - (iii) settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on the Assignor.
- (b) All principal, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Assignor to the Collateral Agent on demand.

10.4 No liability

- (a) Neither the Collateral Agent nor any other Secured Party shall be liable (A) in respect of all or any part of the Security Assets or (B) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct).
- (b) Without prejudice to the generality of Clause 10.5(a), neither the Collateral Agent, nor any other Secured Party shall be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

10.5 Protection of third parties

No person (including a purchaser) dealing with the Collateral Agent or Delegate will be concerned to enquire:

- (a) whether the Secured Obligations have become payable;
- (b) whether any power which the Collateral Agent is purporting to exercise has become exercisable;
- (c) whether any money remains due under any Notes Document; or
- (d) how any money paid to the Collateral Agent is to be applied.

11. APPLICATION OF PROCEEDS

11.1 Application

All monies received by the Collateral Agent or any Delegate after the Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Security) be applied in the following order:

- (a) **first**, in satisfaction of, or provision for, all costs, charges and expenses incurred, and payments made, by the Collateral Agent or any other Secured Party and of all remuneration due to the Delegate in connection with this Agreement or the Security Assets;
- (b) **secondly**, in or towards satisfaction of the remaining Secured Obligations in accordance with the Notes Indenture; and
- (c) **thirdly**, in payment of any surplus to the Assignor or other person entitled to it.

11.2 Contingencies

If the Security is enforced at a time when no amounts are due under the Notes Documents (but at a time when amounts may become so due), the Collateral Agent may pay the proceeds of any recoveries effected by it into a blocked suspense account.

11.3 Appropriation and suspense account

- (a) Subject to Clause 13.1 (*Application*), the Collateral Agent shall apply all payments received in respect of the Secured Obligations in reduction of any part of the Secured Obligations in any order or manner which it may determine.
- (b) Any such appropriation shall override any appropriation by the Assignor.
- (c) All monies received, recovered or realised by the Collateral Agent under or in connection with this Agreement may at the discretion of the Collateral Agent be credited to a separate suspense account for so long as the Collateral Agent determines, without the Collateral Agent having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations unless such monies would be sufficient to discharge all Secured Obligations in full.

12. SET-OFF

- (a) The Collateral Agent and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by the Assignor and unpaid (whether under the Notes Documents or which has been assigned to the Collateral Agent or such other Secured Party by any other Assignor) against any obligation (whether or not matured) owed by the Collateral Agent or such other Secured Party to the

Assignor, regardless of the place of payment, booking branch or currency of either obligation.

- (b) At any time after the Security has become enforceable (and in addition to its rights under Clause 14.1(a)), the Collateral Agent and each other Secured Party may (but shall not be obliged to) set-off any contingent liability owed by the Assignor under any Notes Document against any obligation (whether or not matured) owed by the Collateral Agent or such other Secured Party to the Assignor, regardless of the place of payment, booking branch or currency of either obligation.
- (c) If the obligations are in different currencies, the Collateral Agent or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
- (d) If either obligation is unliquidated or unascertained, the Collateral Agent or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

13. DELEGATION

Each of the Collateral Agent may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by them under this Agreement upon any terms (including power to sub-delegate) which it may think fit. The Collateral Agent shall not in any way liable or responsible to the Assignor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

14. FURTHER ASSURANCES

14.1 Further action

The Assignor shall, at its own expense, promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent may reasonably specify (and in such form as the Collateral Agent may reasonably require) in favour of the Collateral Agent in order to:

- (a) perfect the Security created or intended to be created under or evidenced by this Agreement or for the exercise of any rights, powers and remedies exercisable by the Collateral Agent, any other Secured Party or any Delegate in respect of any Security Asset or provided by or pursuant to this Agreement or by law; or
- (b) confer on the Collateral Agent or the Secured Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Agreement; and/or
- (c) facilitate the realisation of the assets which are, or are intended to be, the subject of the Security.

14.2 Registration in BVI

- (a) The Assignor shall, promptly after execution of this Agreement:
 - (i) create and maintain a Register of Charges to the extent this has not already been done in accordance with section 162 of the BVI Act;
 - (ii) enter particulars as required by the BVI Act of the security interests created pursuant to this Agreement in its Register of Charges and promptly after

entry of such particulars has been made, and in any event within five Business Days of the date of this Deed, provide the Collateral Agent with a certified true copy of its updated Register of Charges; and

(iii) effect registration, or explicitly request the assistance of the Collateral Agent in effecting registration, of this Agreement with the Registrar of Corporate Affairs pursuant to section 163 of the BVI Act by making the required filing, or assisting the Collateral Agent in making the required filing, in the approved form with the Registrar of Corporate Affairs and (unless such filing is made by or on behalf of the Collateral Agent) provide confirmation in writing to the Collateral Agent that such filing has been made.

(b) Unless the registration referred to in sub-paragraph (iii) above was effected by or on behalf of the Collateral Agent, the Assignor shall, promptly on receipt, deliver or procure to be delivered to the Collateral Agent, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with together with the filed stamped copy of the application containing the relevant particulars of charge.

14.3 Registration in PRC

(a) [To be completed]

14.4 Notes Documents

The Assignor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent or the Secured Parties by or pursuant to this Agreement.

14.5 Specific security

Without prejudice to the generality of Clause 16.1 (*Further action*), the Assignor will immediately upon request by the Collateral Agent execute any document contemplated by that clause over any Security Asset which is subject to or intended to be subject to any fixed security under this Agreement.

14.6 Legal Opinion

The Assignor shall, promptly upon request by the Collateral Agent (acting on the instructions of the Majority Noteholders), deliver to the Collateral Agent, at the cost of the Assignor, a customary legal opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions and in each case satisfactory to the Collateral Agent, regarding the validity and enforceability of the security interests intended or purported to be created under, and due execution of, this Agreement.

15. POWER OF ATTORNEY

The Assignor, by way of security, irrevocably and severally appoints the Collateral Agent and any Delegate to be its attorney to take any action which the Assignor is obliged to take under this Agreement, including under Clause 16 (*Further assurances*). The Assignor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause.

16. CURRENCY CONVERSION

All monies received or held by the Collateral Agent under this Agreement may be converted from their existing currency into such other currency as the Collateral Agent considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the spot rate of exchange for the purchase of the relevant currency in the Hong Kong foreign exchange market on the relevant day. The Assignor shall indemnify the Collateral Agent against all costs, charges and expenses incurred in relation to such conversion. The Collateral Agent shall not have any liability to the Assignor in respect of any loss resulting from any fluctuation in exchange rates after any such conversion.

17. CHANGES TO THE PARTIES

17.1 Assignor

The Assignor may not assign any of its rights or obligations under this Agreement.

17.2 Collateral Agent

The Collateral Agent may assign or transfer all or any part of its rights under this Agreement pursuant to the resignation or removal of the Collateral Agent in accordance with the Notes Indenture. The Assignor shall, immediately upon being requested to do so by the Collateral Agent, enter into such documents as may be necessary or desirable to effect such assignment or transfer.

18. MISCELLANEOUS

18.1 New accounts

- (a) If the Collateral Agent or any other Secured Party receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security (other than a Permitted Leins) affecting any Security Asset and/or the proceeds of sale of any Security Asset or any guarantee under the Notes Documents ceases to continue in force, it may open a new account or accounts for the Assignor. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice.
- (b) As from that time all payments made to the Collateral Agent or such other Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

18.2 Protective clauses

The Assignor is deemed to be a principal debtor in relation to this Agreement. The obligations of the Assignor under, and the security intended to be created by, this Agreement shall not be impaired by any forbearance, neglect, indulgence, extension or time, release, surrender or loss of securities, dealing, amendment or arrangement by any Secured Party which would otherwise have reduced, released or prejudiced the Security or any surety liability of the Assignor (whether or not known to it or to any Secured Party).

19. NOTICES

- (a) Section 15.03 of the Notes Indenture is incorporated into this Agreement as if fully set out in this Agreement.

- (b) The address and fax numbers of each Party for all communications or documents given under or in connection with this Agreement are those identified with its name in the execution pages to this Agreement or subsequently notified from time to time by the relevant Party for the purposes of the Notes Indenture or this Agreement.

20. CALCULATIONS AND CERTIFICATES

Any certificate of or determination by a Secured Party or the Collateral Agent specifying the amount of any Secured Obligation due from the Assignor (including details of any relevant calculation thereof) is, in the absence of manifest error, conclusive evidence against the Assignor of the matters to which it relates.

21. PARTIAL INVALIDITY

All the provisions of this Agreement are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

22. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent (or any other Secured Party), any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

23. AMENDMENTS AND WAIVERS

Any provision of this Agreement may be amended only if the Collateral Agent and the Assignor so agree in writing and any breach of this Agreement may be waived before or after it occurs only if the Collateral Agent so agrees in writing. A waiver given or consent granted by the Collateral Agent under this Agreement will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

24. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures (and seals, if any) on the counterparts were on a single copy of this Agreement.

25. RELEASE

25.1 Release

Upon the expiry of the Security Period (but not otherwise) the Collateral Agent shall, at the request and cost of the Assignor, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Security.

25.2 Reinstatement

Where any discharge (whether in respect of the obligations of the Assignor or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the

Assignor under this Agreement shall continue as if the discharge or arrangement had not occurred. The Collateral Agent may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

26. GOVERNING LAW

This Agreement is governed by PRC law.

27. ENFORCEMENT

- (a) 27.1
- (b) The Hong Kong courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) (a “**Dispute**”).
- (c) The Parties agree that the Hong Kong courts are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (d) This Clause 29.1 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.]

IN WITNESS of which this Agreement has been duly executed by the Assignor, the Parent Guarantor and the Collateral Agent and has been delivered on the first date specified on page 1 of this Agreement by the Assignor.

SCHEDULE 1

Letter for Intercompany Loan Receivables

Part A

Notice to the Parent Guarantor

To: SHANDONG SANXING GROUP COMPANY LIMITED (山東三星集團有限公司)
as Parent Guarantor

Copy to: Madison Pacific Trust Limited as Collateral Agent

Dear Sirs

RE: Intercompany Loan Agreement Assignment

1. We hereby give notice that, by an intercompany loan assignment agreement (the “**Assignment**”), we have assigned to [Madison Pacific Trust Limited] (the “**Collateral Agent**”) as Collateral Agent for certain financial institutions and others (as referred to in the Assignment) all our present and future right, title and interest in and to the Intercompany Loan Agreement and/or Intercompany Loan Agreement Receivables (each as defined in the Assignment) (together with any other agreement supplementing or amending the same, the “**Assigned Assets**”) including all rights and remedies in connection with the Assigned Assets and all proceeds and claims arising from the Assigned Assets.
2. We irrevocably authorise and instruct you from time to time:
 - (a) to disclose to the Collateral Agent at our expense (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure), such information relating to the Assigned Assets as the Collateral Agent may from time to time request;
 - (b) to hold all sums from time to time due and payable by you to us under the Assigned Assets to the order of the Collateral Agent;
 - (c) to pay or release all or any part of the sums from time to time due and payable by you to us under the Assigned Assets only in accordance with the written instructions given to you by the Collateral Agent from time to time;
 - (d) to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Assignment or the Assigned Assets or the debts represented thereby which you receive at any time from the Collateral Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction; and
 - (e) to send copies of all notices and other information given or received under the Assigned Assets to the Collateral Agent.
3. You may continue to deal with us in relation to the Assigned Assets until you receive written notice from the Collateral Agent that an Event of Default has occurred. Thereafter we will cease to have any right to deal with you in relation to the Assigned Assets and therefore from that time you should deal only with the Collateral Agent.

4. We are not permitted to receive from you, otherwise than through the Collateral Agent, any amount in respect of or on account of the sums payable to us from time to time under the Assigned Assets.
5. We are not permitted to agree any amendment or supplement to, or waive any obligation under, the Assigned Assets without the prior written consent of the Collateral Agent.
6. This notice may only be revoked or amended with the prior written consent of the Collateral Agent.
7. Please confirm by completing the enclosed copy of this notice and returning it to the Collateral Agent (with a copy to us) that you agree to the above and that:
 - (a) you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
 - (b) you have not, at the date this notice is returned to the Collateral Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Assigned Assets or any proceeds of it and you will notify the Collateral Agent promptly if you should do so in future;
 - (c) you will not permit any sums to be paid to us or any other person (other than the Collateral Agent) under or pursuant to the Assigned Assets without the prior written consent of the Collateral Agent; and
 - (d) you will not take any action to amend or supplement the Assigned Assets without the prior written consent of the Collateral Agent.
8. This notice, and any acknowledgement in connection with it, and any non-contractual obligations arising out of or in connection with any of them, shall be governed by Hong Kong law.

Yours faithfully

KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有限公司

Part B

Acknowledgement of the Parent Guarantor

To: Madison Pacific Trust Limited as Collateral Agent

Copy to: **KNIGHT CASTLE INVESTMENTS LIMITED** 爵堡投資有限公司

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in the above notice.

SHANDONG SANXING GROUP COMPANY LIMITED (山東三星集團有限公司)

EXECUTION PAGES

THE ASSIGNOR

EXECUTED by KNIGHT CASTLE)
INVESTMENTS LIMITED 爵堡投資有限公)
司 acting by:)

Director _____

Address: [●]

Facsimile No: [●]

Attention: [●]

THE PARENT GUARANTOR

EXECUTED by SHANDONG SANXING)
GROUP COMPANY LIMITED (山東三星集)
團有限公司) acting by:)

Director _____

Address: [●]

Facsimile No: [●]

Attention: [●]

THE COLLATERAL AGENT

EXECUTED by _____ for and)
on behalf of **MADISON PACIFIC TRUST**)
LIMITED:

Signature _____

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Facsimile No: +852 25999501

Attention: Cassandra Ho

DATED **2024**

(1) SAN XIN HOLDINGS LIMITED 三鑫控股有限公司
(as Chargor)

- and -

(2) MADISON PACIFIC TRUST LIMITED
(as Collateral Agent)

SHARE CHARGE

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THIS DEED is made on

2024

BETWEEN:

- (1) **SAN XIN HOLDINGS LIMITED** 三鑫控股有限公司, a private company limited by shares incorporated under the laws of Hong Kong, whose registered office is Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road, Central, Hong Kong, and with business registration number 67989239 as Chargor (the “**Chargor**”); and
- (2) **MADISON PACIFIC TRUST LIMITED** as security trustee for the Secured Parties (as defined below) (in such capacity, the “**Collateral Agent**”).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

- (a) terms defined in, or construed for the purposes of, the Notes Indenture (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed); and

- (b) at all times the following terms have the following meanings:

“**Additional Charged Securities**” means any shares or stocks of any class in, or warrants or other securities of any kind issued by, the Charged Company in which the Chargor acquires any interest (whether legal and/or beneficial) at any time after the date of this Deed.

“**BVI**” means the British Virgin Islands;

“**BVI Act**” means the BVI Business Companies Act of the BVI (as amended);

“**Charged Company**” means Knight Castle Investments Limited 爵堡投资有限公司, a BVI business company incorporated with limited liability under the laws of the British Virgin Islands, whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and with company number 1959066;

“**Charged Investments**” means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities;

“**Charged Securities**” means:

- (a) Initial Charged Securities; and
- (b) any Additional Charged Securities.

“**Companies Ordinance**” means Companies Ordinance (Cap. 622) of the Laws of Hong Kong;

“**CPO**” means the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong

“**Share Security**” means the Security created or evidenced by or pursuant to this Deed.

“Default Rate” means the rate of interest determined in accordance with [section 2.04(d)] of the Notes Indenture.

“Delegate” means any delegate, sub-delegate, agent, attorney or co-trustee appointed by the Collateral Agent or by a Receiver;

“Event of Default” means each Event of Default as defined in the Notes Indenture;

“Governmental Agency” means any government or any governmental agency, semi-governmental or judicial entity or authority (including any stock exchange or any self-regulatory organisation established under statute);

“Initial Charged Securities” means the securities in the Charged Company identified in Schedule 1 (*The Initial Charged Securities*).

“Majority Noteholders” means, at any time, Holders (as defined in the Notes Indenture) of not less than a majority in aggregate principal amount of the then outstanding Notes;

“Notes” means the US\$[●] 4.00% guaranteed senior notes due issued by the Charged Company on or about the date of this Deed pursuant to the Notes Indenture.

“Notes Creditor Party” means, collectively, the Collateral Agent, any Agent, any Holder and Beneficial Holder (each as defined in the Notes Indenture).

“Notes Documents” means, collectively, the Notes, the Notes Indenture, the Security Documents (as defined in the Notes Indenture) and [*other documents*].

“Notes Indenture” means the indenture dated on or about the date of this Deed between (among others) the Charged Company as issuer, Shandong Sanxing Group Company Ltd. (山東三星集團有限公司) as parent guarantor and the Collateral Agent as trustee in relation to the Notes.

“Obligors” means the Charged Company and Shandong Sanxing Group Company Ltd. (山東三星集團有限公司) as parent guarantor under the Notes Indenture.

“Party” means a party to this Deed;

“Receiver” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets appointed by the Collateral Agent under this Deed;

“Register of Shareholders” means the register of members maintained by the Charged Company in accordance with the BVI Act.

“Related Rights” means, in relation to any Charged Securities:

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Securities or on any asset referred to in paragraph (b) of this definition; and
- (b) all rights, monies or property accruing or offered at any time in relation to such Charged Securities whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

“Relevant Jurisdiction” means in relation to the Chargor:

- (a) its jurisdiction of incorporation;

- (b) any jurisdiction where any asset subject to any Security Interest created or expressed to be created by it under this Deed is situated;
- (c) the jurisdiction whose laws govern the perfection of any Security Interest created or expressed to be created by it under this Deed; and
- (d) any jurisdiction where it conducts its business;

“Share Security” means the Security created or evidenced by or pursuant to this Deed.

“Secured Obligations” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of each Obligor to the Collateral Agent and/or the other Secured Parties (or any of them) under or pursuant to any Notes Document (including all monies covenanted to be paid under this Deed);

“Secured Parties” each Notes Creditor Party and any Receiver or Delegate;

“Security Assets” means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed;

“Security Period” means the period beginning on the date of this Deed and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) no Secured Party has any further commitment, obligation or liability under or pursuant to the Notes Indenture; and

“Third Parties Rights Ordinance” means the Contracts (Rights of Third Parties) Ordinance (Cap. 623) of the Laws of Hong Kong/

1.2 Interpretation

- (a) Unless a contrary indication appears, any reference in this Deed to:
 - (i) a **“Chargor”**, the **“Collateral Agent”** or any other **“Secured Party”** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Collateral Agent, any person for the time being appointed as Collateral Agent or Collateral Agents in accordance with the Notes Indenture;
 - (ii) **“this Deed”**, the **“Notes”**, the **“Notes Indenture”** any other **“Notes Document”** or any other agreement or instrument is a reference to this Deed, the Notes, the Notes Indenture, that other Notes Document or that other agreement or instrument as amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time (however fundamentally and even if any of the same increases the obligations of any member of the Group or provides for further advances); and
 - (iii) **“Secured Obligations”** includes obligations and liabilities which would be treated as such but for the liquidation, administration or dissolution of or similar event affecting any member of the Group.

- (b) Each undertaking of the Chargor (other than a payment obligation) contained in this Deed:
 - (i) must be complied with at all times during the Security Period; and
 - (ii) is given by the Chargor for the benefit of the Collateral Agent and each other Secured Party.
- (c) If the Collateral Agent reasonably considers that an amount paid by any member of the Group to a Secured Party under a Notes Document is capable of being avoided or otherwise set aside on the liquidation or administration of such member of the Group, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.
- (d) The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.3 Trust

All Security and dispositions made or created, and all obligations and undertakings contained, in this Deed to, in favour of or for the benefit of the Collateral Agent are made, created and entered into in favour of the Collateral Agent as trustee for the Secured Parties from time to time on the terms of the Notes Indenture.

1.4 Third party rights

- (a) Save as expressly provided to the contrary in this Deed, a person who is not a Party has no right under the Third Parties Rights Ordinance to enforce or enjoy the benefit of any term of this Deed.
- (b) Notwithstanding any term of this Deed, the consent of any person who is not a Party (including any Receiver or Delegate) is not required to rescind or vary this Deed at any time.
- (c) Any Secured Party, Receiver, or any delegate of the Collateral Agent or any Receiver, may, subject to this clause 1.4 (Third party rights) and the Third Parties Rights Ordinance, rely on any clause of this Deed which expressly confers rights on it.

2. COVENANT TO PAY

2.1 Covenant to pay

- (a) The Chargor, as principal obligor and not merely as surety, covenants in favour of the Collateral Agent that it will pay and discharge the Secured Obligations from time to time when they fall due.
- (b) Every payment by the Chargor of a Secured Obligation which is made to or for the benefit of a Secured Party to which that Secured Obligation is due and payable in accordance with the Notes Document under which such sum is payable to that Secured Party, shall operate in satisfaction to the same extent of the covenant contained in Clause 2.1(a).

2.2 Default interest

Any amount which is not paid under this Deed when due shall bear interest on a daily basis (both before and after judgment and payable on demand) at the Default Rate from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full.

3. GRANT OF SECURITY

3.1 Nature of security

All Security and dispositions created or made by or pursuant to this Deed are created or made:

- (a) in favour of the Collateral Agent;
- (b) with full title guarantee; and
- (c) as continuing security for payment of the Secured Obligations.

3.2 Charged Investments

The Chargor charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by the Chargor, or in which it from time to time has an interest, by way of first fixed charge:

- (a) the Initial Charged Securities (if any) referred to in Schedule 1 (*The Initial Charged Securities*); and
- (b) all other Charged Securities (to the extent not charged by Clause 3.2(a)),

in each case, together with (A) all Related Rights from time to time accruing to those Charged Securities and (B) all rights which the Chargor may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments;

4. CONTINUING SECURITY

4.1 Continuing security

The Share Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing security for the duration of the Security Period.

4.2 Additional and separate security

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Collateral Agent and/or any other Secured Party may at any time hold for any Secured Obligation.

4.3 Right to enforce

This Deed may be enforced against the Chargor without the Collateral Agent and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it or any of them.

5. LIABILITY OF THE CHARGOR RELATING TO SECURITY ASSETS

Notwithstanding anything contained in this Deed or implied to the contrary, the Chargor remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Collateral Agent is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

6. REPRESENTATIONS

6.1 General

The Chargor makes the representations and warranties set out in this Clause 6 to the Collateral Agent and to each other Secured Party.

6.2 Status

It is a company, duly incorporated and validly existing under the law of its jurisdiction of incorporation and it has the power to own its assets and carry on its business as it is being conducted.

6.3 Binding obligations

- (a) This Deed has been duly executed and delivered by the Chargor and the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations.
- (b) This Deed creates the security interests which it purports to create, and those security interests are valid and effective and are not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise.

6.4 Non-conflict with other obligations

The entry into and performance by it of this Deed and the transactions and granting of Share Security contemplated by it do not and will not conflict with:

- (a) any law or regulation applicable to it; or
- (b) its constitutional documents; or
- (c) any agreement or other obligation binding on it or any of its assets [or constitute a default or termination event (however described) under any such agreement or instrument.

6.5 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.
- (b) No limit on its powers will be exceeded as a result of the grant of security contemplated by this Deed.
- (c) It is acting in all matters relating to this Deed for its own account and not as trustee, nominee or agent or any other capacity whatsoever.

6.6 Validity and admissibility in evidence

All governmental and other authorisations, approvals, licences and consents required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and
 - (b) to make this Deed admissible in evidence in a Relevant Jurisdiction,
- have been obtained or effected and are in full force and effect.

6.7 Governing law and enforcement

- (a) The choice of Hong Kong law as the governing law of this Deed will be recognised and enforced in the Chargor's Relevant Jurisdiction.
- (b) Any judgment obtained in Hong Kong in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction.

6.8 Insolvency

- (a) It is not insolvent or subject to any winding up proceedings or receivership orders and as far as it is aware after all due enquiry, no insolvency proceedings have been threatened or commenced against any Obligor.
- (b) No formal action has been taken in, or event or circumstance has occurred which triggers, the liquidation, dissolution, striking off, winding up or the granting of a receivership order (as applicable) of any Obligor.

6.9 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations are currently taking place or threatened in relation to any of the Charged Investments.

6.10 Ranking

This Share Security has a first ranking priority and is not subject to any prior ranking or *pari passu* Security.

6.11 Centre of main interest and establishments

It has not registered one or more "*establishments*" (as that term is defined in Part 1 of the Overseas Companies Regulations 2009) with the Registrar of Companies or, if it has so registered, it has provided to the Collateral Agent sufficient details to enable an accurate search against it to be undertaken by the Collateral Agent at the Companies Registry.

6.12 No Security

No Security (other than that created by this Deed) exists over any Charged Investment.

6.13 Ownership of Security Assets

The Chargor is the sole legal and beneficial owner of all the Security Assets.

6.14 Entire share capital

As at the date of this Deed, the Initial Charged Securities are fully paid and constitute the entire issued share capital of the Charged Company.

6.15 Articles of Association

The terms of this Deed and the transactions contemplated by it will not contravene any of the provisions of the Charged Company's articles of association.

6.16 Time when representations made

Unless a representation and warranty is expressed to be given at a specific date, each representation and warranty under this Deed is deemed to be made by the Chargor by reference to the facts and circumstances then existing on each day within the Security Period.

7. DOCUMENTS TO BE DELIVERED

7.1 Initial Charged Securities

- (a) The Chargor shall, immediately upon execution of this Deed and by way of security for the Secured Obligations, deliver to the Collateral Agent:
 - (i) each original share certificate for the Initial Charged Securities or confirmation in writing that no share certificate has been issued for any Initial Charged Securities;
 - (ii) a signed (but undated) share transfer form for the Initial Charged Securities in the form set out in Schedule 2 (*Form of Share Transfer Form*) with the name of the transferee left blank;
 - (iii) a signed (but undated) deed of appointment relating to the Initial Charged Securities in the form set out in Schedule 3 (*Form of Deed of Appointment*);
 - (iv) a certified copy of the Charged Company's register of directors;
 - (v) a signed (but undated) letter of resignation from each director of the Charged Company in the form set out in Schedule 4 (*Form of Letter of Resignation*);
 - (vi) a signed and dated letter of authorisation from each director of the Charged Company in the form set out in Schedule 5 (*Form of Letter of Authorisation*);
 - (vii) a signed and dated letter of instruction to the Charged Company's registered agent in the form set out in Schedule 6 (*Form of Letter of Instruction*); and
 - (viii) a signed and dated letter of undertaking from the Charged Company in the form set out in Schedule 8 (*Form of Letter of Undertaking*).
- (b) Within five Business Days of executing this Deed, the Chargor must deliver to the Collateral Agent:
 - (i) a certified copy of the Register of Shareholders which shows the following notation in an appropriate place:

San Xin Holdings Limited has created a charge over all of the shares registered in San Xin Holdings Limited's name in favour of Madison Pacific

Trust Limited (as collateral agent) under a share charge dated [•] 2024 between San Xin Holdings Limited and Madison Pacific Trust Limited, as amended from time to time. This note was entered on the Company's register of members on [•];

- (ii) a certified copy of the Register of Charges maintained by the Chargor which shows particulars of the security created by this Deed.
- (c) The Chargor shall deliver to the Collateral Agent promptly (and in any event no later than within seven Business Days of executing this Deed), a signed and dated registered agent acknowledgment from the Charged Company's registered agent in the form set out in Schedule 7 (*Form of Registered Agent Acknowledgement*).

7.2 Additional Charged Securities

The Chargor shall, as soon as possible (but in any event within five Business Days) after each date on which the Chargor acquires any Additional Charged Securities, by way of security for the Secured Obligations deliver to the Collateral Agent:

- (a) each original share certificate for the Additional Charged Securities (or confirmation in writing that no share certificate has been issued for any Additional Charged Securities) or (in the case of any Additional Charged Securities that are not shares) other certificates or evidence of title for the Additional Charged Securities;
- (b) a signed (but undated) share transfer form for the Additional Charged Securities in the form set out in Schedule 2 (*Form of Share Transfer Form*) with the name of the transferee left blank;
- (c) (if applicable) a certified copy of the Register of Shareholders, annotated in the manner specified in Clause 7.1(b)(i) (*Initial Charged Securities*), to show particulars of the security created over the Additional Charged Securities by this Deed; and
- (d) in the case of any Additional Charged Securities that are not shares, any signed (but undated) instrument of transfer with the name of the transferee left blank, register or other document, evidence or annotation that the Collateral Agent may reasonably request to create, perfect or protect the security created over the Additional Charged Securities by this Deed.

7.3 New directors

As soon as possible (but in any event within five Business Days) after each date on which a person is appointed as a director of the Charged Company, the Chargor must deliver to the Collateral Agent:

- (a) a signed (but undated) letter of resignation from the person (other than the Noteholder Representative Director) in the form set out in Schedule 4 (*Form of Letter of Resignation*);
- (b) a signed and dated letter of authorisation from the person (other than the Noteholder Representative Director) in the form set out in Schedule 5 (*Form of Letter of Authorisation*); and
- (c) a certified copy of the Charged Company's register of directors.

7.4 Form of documents

Each document to be delivered, or annotation or registration to be made, under this Clause must be satisfactory to the Collateral Agent (acting reasonably) in form and substance.

8. UNDERTAKINGS BY THE CHARGOR

8.1 Negative pledge and Disposals

The Chargor shall not do or agree to do any of the following without the prior written consent of the Collateral Agent:

- (a) create or permit to subsist any Security or Quasi-Security on any Security Asset other than as created by this Deed and except for a Permitted Liens; or
- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not and whether voluntarily or involuntarily) the whole or any part of its interest in any Security Asset except for as expressly permitted by the Notes Indenture.

8.2 Security Assets generally

The Chargor shall:

- (a) promptly notify the Collateral Agent (in any event within 5 days of receipt) of every material notice, order, application, requirement or proposal given or made in relation to the Security Assets by any competent authority, and (if required by the Collateral Agent):
 - (i) promptly provide it with a copy of the same; and
 - (ii) either (A) comply with such notice, order, application, requirement or proposal or (B) make such objections to the same as the Collateral Agent may require or approve;
- (b) promptly pay all rates, rents and other outgoings owed by it in respect of the Security Assets;
- (c) promptly comply with:
 - (i) all obligations in relation to the Security Assets under any present or future regulation or requirement of any competent authority or any Authorisation; and
 - (ii) all covenants and obligations affecting any Security Asset (or its manner of use),
- (d) not, except with the prior written consent of the Collateral Agent, enter into any onerous or restrictive obligation affecting any Security Assets (except as expressly permitted by the Notes Indenture);
- (e) promptly provide the Collateral Agent with all information which it may reasonably request in relation to the Security Assets; and
- (f) not do, cause or permit to be done anything which would, or would be reasonably likely to, in any way depreciate, jeopardise or otherwise prejudice the value or

marketability of any Security Asset (or make any omission which has such an effect).

8.3 Charged Investments - protection of security

- (a) The Chargor shall, immediately upon execution of this Deed (as applicable) or (if later) immediately upon its acquisition of any Additional Charged Securities, by way of security for the Secured Obligations, execute and deliver to the Collateral Agent such other documents as the Collateral Agent shall require to enable it (or its nominees) to be registered as the owner of or otherwise to acquire a legal title to the Charged Securities and their Related Rights (or to pass legal title to any purchaser).
- (b) In respect of any Charged Investment held by or on behalf of any nominee of any clearance or settlement system, the Chargor shall immediately upon execution of this Deed or (if later) immediately upon acquisition of an interest in such Charged Investment deliver to the Collateral Agent duly executed stock notes or other document in the name of the Collateral Agent (or as it may direct) issued by such nominee and representing or evidencing any benefit or entitlement to such Charged Investment.
- (c) The Chargor shall:
 - (i) promptly give notice to any custodian of any agreement with the Chargor in respect of any Charged Investment in the form required by the Collateral Agent; and
 - (ii) ensure that the custodian acknowledges that notice in the form required by the Collateral Agent.
- (d) The Chargor shall:
 - (i) instruct any clearance system to transfer any Charged Investment held by it for the Chargor or its nominee to an account of the Collateral Agent or its nominee with such clearance system; and
 - (ii) take whatever action the Collateral Agent may request for the dematerialisation or rematerialisation of any Charged Investment held in a clearance system.

Without prejudice to the rest of this Clause 8.3, the Collateral Agent may, at the expense of the Chargor, take whatever action is required for the dematerialisation or rematerialisation of the Charged Investments.

- (e) The Chargor shall promptly pay all calls or other payments which may become due in respect of its Charged Investments.
- (f) The Chargor shall not nominate another person to enjoy or exercise all or any specified rights of the Chargor in relation to its Charged Investments.
- (g) Without limiting its obligations under Clause 8.3(e), the Chargor shall comply with all requests for information within its knowledge relating to the Charged Investments which are made under section 329 of the Securities and Futures Ordinance (Cap. 571) or which could be made under section 329 if the relevant company were a public limited company or under any similar provision contained in the articles of association or other constitutional documents of the relevant company or otherwise relating to the Charged Investments and, if it fails to do so,

the Collateral Agent may provide such information as it may have on behalf of the Chargor.

8.4 Rights of the Parties in respect of Charged Investments

- (a) Until an Event of Default occurs, the Chargor shall be entitled to:
 - (i) receive and retain all dividends, distributions and other monies paid on or derived from its Charged Securities; and
 - (ii) exercise all voting and other rights and powers attaching to its Charged Securities, provided that it must not do so in a manner which:
 - (A) has the effect of changing the terms of such Charged Securities (or any class of them) or of any Related Rights unless permitted by the Notes Documents; or
 - (B) is prejudicial to the interests of the Collateral Agent and/or the other Secured Parties.
- (b) At any time following the occurrence of an Event of Default, the Collateral Agent may complete the instrument(s) of transfer for all or any Charged Securities on behalf of the Chargor in favour of itself or such other person as it may select.
- (c) At any time when any Charged Securities are registered in the name of the Collateral Agent or its nominee, the Collateral Agent shall be under no duty to:
 - (i) ensure that any dividends, distributions or other monies payable in respect of such Charged Securities are duly and promptly paid or received by it or its nominee;
 - (ii) verify that the correct amounts are paid or received; or
 - (iii) take any action in connection with the taking up of any (or any offer of any) Related Rights in respect of or in substitution for, any such Charged Securities.

9. POWER TO REMEDY

9.1 Power to remedy

If at any time the Chargor does not comply with any of its obligations under this Deed, the Collateral Agent (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The Chargor irrevocably authorises the Collateral Agent and its employees and agents by way of security to do all such things (including entering the property of the Chargor) which are necessary or desirable to rectify that default.

9.2 Mortgagee in possession

The exercise of the powers of the Collateral Agent under this Clause 9 shall not render it, or any other Secured Party, liable as a mortgagee in possession.

9.3 Monies expended

The Chargor shall pay to the Collateral Agent on demand any monies which are expended by the Collateral Agent in exercising its powers under this Clause 9, together with interest at the Default Rate from the date on which those monies were expended by the Collateral Agent (both before and after judgment) and otherwise in accordance with Clause 2.2 (*Default interest*).

10. WHEN SECURITY BECOMES ENFORCEABLE

10.1 When enforceable

This Share Security shall become immediately enforceable upon the occurrence of an Event of Default.

10.2 Statutory powers

The power of sale and other powers conferred (or deemed by this Deed to be conferred) by the CPO, including, without limitation, by section 51 (Powers of mortgagee and receiver) and section 53 (Sale by mortgagee) of the CPO and the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO, shall be immediately exercisable upon and at any time after the occurrence of any Event of Default.

10.3 Enforcement

After this Share Security has become enforceable, the Collateral Agent may in its absolute discretion enforce all or any part of the Share Security in such manner as it sees fit.

11. ENFORCEMENT OF SECURITY

11.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Paragraph 11 of the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO does not apply to the Share Security.

11.2 Powers of Collateral Agent

- (a) At any time after the Share Security becomes enforceable (or if so requested by the Chargor by written notice at any time), the Collateral Agent may without further notice (unless required by law):
 - (i) appoint any person (or persons) to be a receiver, receiver and manager or administrative receiver of all or any part of the Security Assets and/or of the income of the Security Assets; and/or
 - (ii) appoint or apply for the appointment of any person who is appropriately qualified as administrator of the Chargor; and/or
 - (iii) exercise all or any of the powers conferred on mortgagees by the CPO (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver; and/or

- (iv) exercise (in the name of the Chargor and without any further consent or authority of the Chargor) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Charged Investment is registered or who is the holder of any of them.

11.3 Redemption of prior mortgages

- (a) At any time after the Share Security has become enforceable, the Collateral Agent may:
 - (i) redeem any prior Security against any Security Asset; and/or
 - (ii) procure the transfer of that Security to itself; and/or
 - (iii) settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on the Chargor.
- (b) All principal, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Chargor to the Collateral Agent on demand.

11.4 Privileges

Each Receiver and the Collateral Agent is entitled to all the rights, powers, privileges and immunities of mortgagees and receivers conferred by the CPO as if it were such a mortgagee or receiver (and so that the statutory power of sale shall be exercisable without regard to paragraph 11 of the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO).

11.5 No liability

- (a) Neither the Collateral Agent, any other Secured Party nor any Receiver shall be liable (A) in respect of all or any part of the Security Assets or (B) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct).
- (b) Without prejudice to the generality of Clause 11.5(a), neither the Collateral Agent, any other Secured Party nor any Receiver shall be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

11.6 Protection of third parties

No person (including a purchaser) dealing with the Collateral Agent or any Receiver or Delegate will be concerned to enquire:

- (a) whether the Secured Obligations have become payable;
- (b) whether any power which the Collateral Agent or the Receiver is purporting to exercise has become exercisable;
- (c) whether any money remains due under any Notes Document; or
- (d) how any money paid to the Collateral Agent or to the Receiver is to be applied.

12. RECEIVER

12.1 Removal and replacement

The Collateral Agent may from time to time remove any Receiver appointed by it and, whenever it may deem appropriate, may appoint a new Receiver in the place of any Receiver whose appointment has terminated.

12.2 Multiple Receivers

If at any time there is more than one Receiver of all or any part of the Security Assets and/or the income of the Security Assets, each Receiver shall have power to act individually (unless otherwise stated in the appointment document).

12.3 Remuneration

Any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Collateral Agent (or, failing such agreement, to be fixed by the Collateral Agent).

12.4 Payment by Receiver

Only monies actually paid by a Receiver to the Collateral Agent in relation to the Secured Obligations shall be capable of being applied by the Collateral Agent in discharge of the Secured Obligations.

12.5 Agent of the Chargor

Any Receiver shall be the agent of the Chargor in respect of which it is appointed. The Chargor shall be solely responsible for his acts and defaults and for the payment of the Receiver's remuneration. No Secured Party shall incur any liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason.

13. POWERS OF RECEIVER

13.1 General powers

Any Receiver shall have:

- (a) all the powers which are conferred on the Collateral Agent by Clause 11.2 (*Powers of Collateral Agent*);
- (b) all the powers which are conferred by the CPO on mortgagees in possession and receivers appointed under the CPO; and
- (c) all powers which are conferred by any other law conferring power on receivers.

13.2 Additional powers

In addition to the powers referred to in Clause 13.1 (*General powers*), a Receiver shall have the following powers:

- (a) to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed;
- (b) to manage the Security Assets and the business of the Chargor as he thinks fit;

- (c) to redeem any Security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise;
- (d) to sell or concur in selling, leasing or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by paragraph 11 of the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO, and, without limitation;
 - (i) fixtures may be severed and sold separately from the Real Property containing them, without the consent of the Chargor;
 - (ii) the consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party); and
 - (iii) any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- (e) to alter, improve, develop, complete, construct, modify, refurbish or repair any building or land and to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which the Chargor was concerned or interested before his appointment (being a project for the alteration, improvement, development, completion, construction, modification, refurbishment or repair of any building or land);
- (f) to carry out any sale, lease or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the Chargor and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, the Chargor;
- (g) to take any such proceedings (in the name of the Chargor or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed (including proceedings for recovery of rent or other monies in arrears at the date of his appointment);
- (h) to enter into or make any such agreement, arrangement or compromise as he shall think fit;
- (i) to insure, and to renew any insurances in respect of, the Security Assets as he shall think fit (or as the Collateral Agent shall direct);
- (j) to appoint and employ such managers, officers and workmen and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm);
- (k) to form one or more Subsidiaries of the Chargor and to transfer to any such Subsidiary all or any part of the Security Assets;
- (l) to operate any rent review clause in respect of any Real Property in respect of which he was appointed (or any part thereof) and to apply for any new or extended lease; and
- (m) to:

- (i) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Asset;
- (ii) exercise in relation to each Security Asset all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets; and
- (iii) use the name of the Chargor for any of the above purposes.

14. APPLICATION OF PROCEEDS

14.1 Application

All monies received by the Collateral Agent or any Receiver after the Share Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Share Security) be applied in the following order:

- (a) **first**, in satisfaction of, or provision for, all costs, charges and expenses incurred, and payments made, by the Collateral Agent, any other Secured Party or any Receiver or Delegate and of all remuneration due to the Receiver in connection with this Deed or the Security Assets;
- (b) **secondly**, in or towards satisfaction of the remaining Secured Obligations in accordance with the Notes Indenture; and
- (c) **thirdly**, in payment of any surplus to the Chargor or other person entitled to it.

14.2 Contingencies

If the Share Security is enforced at a time when no amounts are due under the Notes Documents (but at a time when amounts may become so due), the Collateral Agent or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account.

14.3 Appropriation and suspense account

- (a) Subject to Clause 14.1 (*Application*), the Collateral Agent shall apply all payments received in respect of the Secured Obligations in reduction of any part of the Secured Obligations in any order or manner which it may determine.
- (b) Any such appropriation shall override any appropriation by the Chargor.
- (c) All monies received, recovered or realised by the Collateral Agent under or in connection with this Deed may at the discretion of the Collateral Agent be credited to a separate suspense account for so long as the Collateral Agent determines, without the Collateral Agent having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations unless such monies would be sufficient to discharge all Secured Obligations in full.

15. SET-OFF

15.1 Set-off rights

- (a) The Collateral Agent and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by the Chargor and unpaid (whether

under the Notes Documents or which has been assigned to the Collateral Agent or such other Secured Party by any other Chargor) against any obligation (whether or not matured) owed by the Collateral Agent or such other Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation.

- (b) At any time after the Share Security has become enforceable (and in addition to its rights under Clause 15.1(a)), the Collateral Agent and each other Secured Party may (but shall not be obliged to) set-off any contingent liability owed by the Chargor under any Notes Document against any obligation (whether or not matured) owed by the Collateral Agent or such other Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation.
- (c) If the obligations are in different currencies, the Collateral Agent or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
- (d) If either obligation is unliquidated or unascertained, the Collateral Agent or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

15.2 Time deposits

Without prejudice to Clause 15.1 (*Set-off rights*), if any time deposit matures on any account which the Chargor has with the Collateral Agent or any other Secured Party at a time within the Security Period when:

- (a) this Share Security has become enforceable; and
- (b) no Secured Obligation is due and payable,

such time deposit shall automatically be renewed for such further maturity as the Collateral Agent or such other Secured Party in its absolute discretion considers appropriate unless the Collateral Agent or such other Secured Party otherwise agrees in writing.

16. DELEGATION

Each of the Collateral Agent and any Receiver may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by them under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Collateral Agent nor any Receiver shall be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

17. FURTHER ASSURANCES

17.1 Further action

The Chargor shall, at its own expense, promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent or a Receiver may reasonably specify (and in such form as the Collateral Agent or a Receiver may reasonably require) in favour of the Collateral Agent, a Receiver or its nominees in order to:

- (a) perfect the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies exercisable by the

Collateral Agent, any other Secured Party or any Receiver or any Delegate in respect of any Security Asset or provided by or pursuant to this Deed or by law; or

- (b) confer on the Collateral Agent, any Receiver or the Secured Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed; and/or
- (c) facilitate the realisation of the assets which are, or are intended to be, the subject of the Share Security.

17.2 Registration in Hong Kong

The Chargor shall take all steps to comply with the requirements of the Companies Ordinance in respect of this Deed and the Security hereby created including:

- (a) promptly (and in any event no later than one (1) month from the date of this Deed) registering this Deed with the Hong Kong Companies Registry; and
- (b) supplying to the Collateral Agent the original certificates of registration in respect of this Deed promptly upon receipt.

17.3 Notes Documents

The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent or the Secured Parties by or pursuant to this Deed.

17.4 Specific security

Without prejudice to the generality of Clause 17.1 (*Further action*), the Chargor will immediately upon request by the Collateral Agent execute any document contemplated by that clause over any Security Asset which is subject to or intended to be subject to any fixed security under this Deed.

17.5 Legal Opinion

The Chargor shall, promptly upon request by the Collateral Agent (acting on the instructions of the Majority Noteholders), deliver to the Collateral Agent, at the cost of the Chargor, a customary legal opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions and in each case satisfactory to the Collateral Agent, regarding the validity and enforceability of the security interests intended or purported to be created under, and due execution of, this Deed.

18. POWER OF ATTORNEY

The Chargor, by way of security, irrevocably and severally appoints the Collateral Agent, each Receiver and any Delegate to be its attorney to take any action which the Chargor is obliged to take under this Deed, including under Clause 17 (*Further assurances*). The Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause.

19. CURRENCY CONVERSION

All monies received or held by the Collateral Agent or any Receiver under this Deed may be converted from their existing currency into such other currency as the Collateral Agent

or the Receiver considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the spot rate of exchange for the purchase of the relevant currency in the Hong Kong foreign exchange market on the relevant day. The Chargor shall indemnify the Collateral Agent against all costs, charges and expenses incurred in relation to such conversion. Neither the Collateral Agent nor any Receiver shall have any liability to the Chargor in respect of any loss resulting from any fluctuation in exchange rates after any such conversion.

20. CHANGES TO THE PARTIES

20.1 Chargor

The Chargor may not assign any of its rights or obligations under this Deed.

20.2 Collateral Agent

The Collateral Agent may assign or transfer all or any part of its rights under this Deed pursuant to the resignation or removal of the Collateral Agent in accordance with the Notes Indenture. The Chargor shall, immediately upon being requested to do so by the Collateral Agent, enter into such documents as may be necessary or desirable to effect such assignment or transfer.

21. MISCELLANEOUS

21.1 New accounts

- (a) If the Collateral Agent or any other Secured Party receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security (other than a Permitted Liens) affecting any Security Asset and/or the proceeds of sale of any Security Asset or any guarantee under the Notes Documents ceases to continue in force, it may open a new account or accounts for the Chargor. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice.
- (b) As from that time all payments made to the Collateral Agent or such other Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

21.2 Protective clauses

The Chargor is deemed to be a principal debtor in relation to this Deed. The obligations of the Chargor under, and the security intended to be created by, this Deed shall not be impaired by any forbearance, neglect, indulgence, extension or time, release, surrender or loss of securities, dealing, amendment or arrangement by any Secured Party which would otherwise have reduced, released or prejudiced this Share Security or any surety liability of the Chargor (whether or not known to it or to any Secured Party).

22. NOTICES

- (a) Section 15.03 of the Notes Indenture is incorporated into this Deed as if fully set out in this Deed.
- (b) The address and fax numbers of each Party for all communications or documents given under or in connection with this Deed are those identified with its name in the execution pages to this Deed or subsequently notified from time to time by the relevant Party for the purposes of the Notes Indenture or this Deed.

23. CALCULATIONS AND CERTIFICATES

Any certificate of or determination by a Secured Party or the Collateral Agent specifying the amount of any Secured Obligation due from the Chargor (including details of any relevant calculation thereof) is, in the absence of manifest error, conclusive evidence against the Chargor of the matters to which it relates.

24. PARTIAL INVALIDITY

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

25. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent (or any other Secured Party), any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

26. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended only if the Collateral Agent and the Chargor so agree in writing and any breach of this Deed may be waived before or after it occurs only if the Collateral Agent so agrees in writing. A waiver given or consent granted by the Collateral Agent under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures (and seals, if any) on the counterparts were on a single copy of this Deed.

28. RELEASE

28.1 Release

Upon the expiry of the Security Period (but not otherwise) the Collateral Agent shall, at the request and cost of the Chargor, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Share Security.

28.2 Reinstatement

Where any discharge (whether in respect of the obligations of the Chargor or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the Chargor under this Deed shall continue as if the discharge or arrangement had not occurred. The Collateral Agent may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

29. GOVERNING LAW

This Deed is governed by Hong Kong law.

30. ENFORCEMENT

- (a) The Hong Kong courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed) (a “**Dispute**”).
- (b) The Parties agree that the Hong Kong courts are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 30 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

IN WITNESS of which this Deed has been duly executed by the Chargor as a deed and duly executed by the Collateral Agent and has been delivered on the first date specified on page 1 of this Deed by the Chargor.

SCHEDULE 1 The Initial Charged Securities

Name of company in which shares are held	[Name of any nominee holder]	Class of shares held	Number of shares held	Issued share capital
[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]

SCHEDULE 2 Form of Share Transfer Form

SHARE TRANSFER FORM

Company (Name, company number and address)	KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投资有限公司(1959066) [●]	
Share(s)	Description	Number
	Ordinary Shares each with a par value of US\$[●]	
Transferor (Name and address)	SAN XIN HOLDINGS LIMITED 三鑫控股有限公司 Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road, Central Hong Kong	
Transferee (Name and address)		

The Transferor, who is recorded in the Company's register of members as the holder of the Share(s), transfers the Share(s) to the Transferee and the Transferee accepts the transfer of the Share(s)		
For and on behalf of Transferor	For and on behalf of Transferee	_____ Date

The Transferor and Transferee requests that all necessary entries be made in the Charged Company's register of members to record the transfer of the Share(s) to the Transferee.

SCHEDULE 3 Form of Deed of Appointment

Knight Castle Investments Limited 爵堡投資有限公司 (the “Charged Company”)

DEED OF APPOINTMENT

We are a shareholder of the Charged Company.

This Deed relates to all the shares in the Charged Company (the “**Shares**”) that are registered in our name in the Register of Shareholders from time to time.

Pursuant to a share charge dated [●] 2024 (the “**Share Charge**”) between Madison Pacific Trust Limited as collateral agent (the “**Appointee**”) and us, we have created a charge over (among other things) the Shares in favour of the Appointee.

Definitions and principles of construction in the Share Charge apply in this Deed unless the context requires otherwise.

We irrevocably appoint the Appointee as our:

1. proxy to attend any meeting of shareholders of the Charged Company (and any adjournment) and to exercise (or refrain from exercising) all voting rights attaching to the Shares in relation to any resolution considered by the meeting (or adjourned meeting) in any manner the Appointee thinks fit; and
2. attorney (with full power to appoint substitutes and to delegate) to exercise all of our rights and powers as a shareholder of the Charged Company, including to:
3. appoint any proxy to attend and vote at any meeting of shareholders of the Charged Company;
4. sign or consent to any resolutions in writing of the shareholders of the Charged Company; and
5. requisition any meeting of the shareholders of the Charged Company.

We ratify and confirm anything that the Appointee may do under, or in connection with, this Deed.

This Deed is given to secure the Appointee’s proprietary interest in the Shares under the Share Charge. This Deed will remain in force until the Appointee notifies you in writing that the Secured Obligations have been irrevocably and unconditionally paid or discharged the Secured Obligations in full.

Hong Kong law governs this Deed and its interpretation.

This Deed is executed and delivered, and takes effect, as a deed on the date written below.

DATED

Executed and Delivered as a Deed by
SAN XIN HOLDINGS LIMITED 三鑫控股有限公司

} By:
Director

in the presence of:

Name:
Title:
Address

SCHEDULE 4 Form of Letter of Resignation

The Directors
Knight Castle Investments Limited 爵堡投資有限公司
[●]

Dear Sirs

Knight Castle Investments Limited 爵堡投資有限公司 (the “Charged Company”) - resignation as a director

I resign as a director of the Charged Company with immediate effect and without compensation for loss of office.

I confirm that I have no claim or right of action of any kind against the Charged Company arising out of, or in connection with, my holding office with the Charged Company. To the extent that any such claim or right of action may exist, I irrevocably and unconditionally waive it and release each such person from any liability in respect of it.

Hong Kong law governs this letter and its interpretation.

Yours faithfully

.....

[Name]

.....

Date

SCHEDULE 5 Form of Letter of Authorisation

Madison Pacific Trust Limited
1720, 17th Floor, Tower One
Admiralty Centre
18 Harcourt Road
Hong Kong

[Date]

Dear Sirs

Knight Castle Investments Limited 爵堡投資有限公司 (the “Charged Company”) - resignation authorisation

I refer to the share charge dated on or about the date of this letter (the “**Share Charge**”) between San Xin Holdings Limited 三鑫控股有限公司 and Madison Pacific Trust Limited as collateral agent (the “**Collateral Agent**”) relating to shares in the Charged Company.

Definitions and principles of construction in the Share Charge apply in this letter unless the context requires otherwise.

Enclosed is my signed but undated letter of resignation under which I resign as a director of the Charged Company without compensation for loss of office.

The Collateral Agent is irrevocably authorised to date and deliver my letter of resignation to the Charged Company after the security created under the Share Charge has become enforceable in accordance with the provisions of the Share Charge.

Hong Kong law governs this letter and its interpretation.

Yours faithfully

.....

[Name]

SCHEDULE 6 Form of Letter of Instruction

To: [●]

From: San Xin Holdings Limited 三鑫控股有限公司 (the “**Chargor**”)

And from: Knight Castle Investments Limited 爵堡投资有限公司 (the “**Charged Company**”)

And from: Madison Pacific Trust Limited (the “**Collateral Agent**”)

Dear Sirs

Letter of Instruction

We refer to the share charge dated the date of this letter (the “**Share Charge**”) between the Chargor and the Collateral Agent. A copy of the Share Charge is enclosed.

Definitions and principles of construction in the Share Charge apply in this letter unless the context requires otherwise.

Pursuant to the Share Charge, the Chargor has created a share charge over (among other things) all of its present and future shares in the Charged Company (the “**Shares**”) in favour of the Collateral Agent.

Each of the Chargor and the Charged Company irrevocably instructs you (as the Charged Company’s registered agent) as follows.

1. To make, in accordance with the BVI Act and the Share Charge, all necessary annotations in the Register of Shareholders of the security created over the Shares by the Chargor under the Share Charge.
2. Not to remove or cancel any annotation made under paragraph 1 above without the Collateral Agent’s prior written consent.
3. If the Collateral Agent notifies you in writing that the security created under the Share Charge has become enforceable, to:
 - (a) treat the Collateral Agent as the only person entitled to give you instructions in relation to the Shares;
 - (b) immediately upon the Collateral Agent’s request, register in the Register of Shareholders any transfer of any Shares to any person made under, or in connection with, the Share Charge;
 - (c) immediately upon the Collateral Agent’s request, register in the Charged Company’s register of directors any resignation of any director given under, or in connection with, the Share Charge; and
 - (d) otherwise comply with any instructions from the Collateral Agent in relation to the Shares and the rights attached to them.

You may rely, without enquiry, on any notice from the Collateral Agent that the security created under the Share Charge has become enforceable. You will not incur any liability to the Chargor or the Charged Company for acting on any instructions given to you by the Collateral Agent.

The instructions in this letter override any previous agreement or understanding to the contrary between you and Company or any other person who has given you instructions in relation to the Charged Company. They apply until the Collateral Agent notifies you in writing that they are revoked.

This letter may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this letter.

Hong Kong law governs this letter and its interpretation.

Yours faithfully

.....

On behalf of

San Xin Holdings Limited 三鑫控股有限公司

Date:

.....

On behalf of

Knight Castle Investments Limited 爵堡投资有限公司

Date:

.....

On behalf of

Madison Pacific Trust Limited

Date:

SCHEDULE 7 Form of Registered Agent Acknowledgement

To: San Xin Holdings Limited 三鑫控股有限公司 (the “**Chargor**”)
And to: Knight Castle Investments Limited 爵堡投资有限公司 (the “**Charged Company**”)
And to: Madison Pacific Trust Limited
From: [•]

Dear Sirs

Registered Agent Acknowledgement

We refer to the letter of instruction dated [•] (the “**Letter of Instruction**”) from the Chargor, the Charged Company and the Collateral Agent to us.

Definitions and principles of construction that apply in the Letter of Instruction apply in this letter unless the context requires otherwise.

We confirm and undertake as follows.

1. We have received a copy of each of the Letter of Instruction and the Share Charge.
2. We have not received from any other person any notice of any Security, attachment or any other interest in respect of any Shares.
3. Until the Collateral Agent notifies us in writing that the Letter of Instruction is revoked, we will:
 - (a) comply with the Letter of Instruction;
 - (b) not carry out any instruction from the Charged Company or any other person that would breach or conflict with the Letter of Instruction; and
 - (c) notify the Collateral Agent immediately if we are given any instruction referred to in paragraph (b) above.
4. If the Charged Company is not our client of record, we have obtained from our client of record any necessary authorisation to give the confirmations in this letter.

Hong Kong law governs this letter and its interpretation.

This letter is executed and delivered, and takes effect, as a deed on the date written below.

Yours faithfully

.....

Authorised Signatory

On behalf of

[•]

Date:

SCHEDULE 8 Form of Letter of Undertaking

KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投资有限公司 **LETTER OF UNDERTAING**

[Date]

Madison Pacific Trust Limited
1720, 17th Floor, Tower One
Admiralty Centre
18 Harcourt Road
Hong Kong

Dear Sirs

Knight Castle Investments Limited 爵堡投资有限公司 (the “Charged Company”)

We refer to the share charge dated [●] (the “**Share Charge**”) in respect of all the shares in the Charged Company (the “**Shares**”) between the Chargor and the Collateral Agent whereby, amongst other things, the Chargor granted a charge over the Charged Investments in favour of the Collateral Agent.

Capitalised words and expressions used in this letter which are not expressly defined herein have the meanings ascribed to them in the Share Charge.

This letter of undertaking is given pursuant to Clause 7.1 of the Share Charge.

1. For valuable consideration receipt of which is hereby acknowledged, the Charged Company hereby irrevocably and unconditionally undertakes to register in the Charged Company’s register of members any and all share transfers to the Collateral Agent or its nominee in respect of the Shares submitted to the Charged Company by the Collateral Agent in respect of the Share Charge.
2. The Charged Company hereby confirms that it has instructed its registered agent to make an annotation of the existence of the Share Charge and the security interests created thereby in the Charged Company’s register of members pursuant to Clause 7.1(b)(i) of the Share Charge.
3. The Charged Company hereby confirms that the register of members provided pursuant to the Share Charge is a certified copy of the original register of members and it will not redesignate or otherwise seek to recreate the register of members.

Yours faithfully

Executed and Delivered as a Deed by
**KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投資有
限公司**

as Chargor

in the presence of:

} By:
Director

Name:
Title:
Address

Executed and Delivered as a Deed by
SAN XIN HOLDINGS LIMITED 三鑫控股有限公司

as Chargor

in the presence of:

} By:
Director

Name:
Title:
Address

EXECUTION PAGES

THE CHARGOR

EXECUTED and **DELIVERED** as a deed by)
SAN XIN HOLDINGS LIMITED 三鑫控股有)
限公司 acting by:)

Director _____

Witness signature _____

Witness name: _____

Witness address: _____

Address: [●]

Facsimile No: [●]

Attention: [●]

THE COLLATERAL AGENT

Signed by _____ for and on)
behalf of **MADISON PACIFIC TRUST**)
LIMITED:

Signature _____

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Facsimile No: +852 2599 9501

Attention: Cassandra Ho

DATED **2024**

(1) KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投资有限公司
(as Chargor)

- and -

(2) MADISON PACIFIC TRUST LIMITED
(as Collateral Agent)

DEBENTURE

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BETWEEN:

- (1) **KNIGHT CASTLE INVESTMENTS LIMITED 爵堡投资有限公司**, a BVI business company incorporated with limited liability under the laws of the British Virgin Islands, whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and with company number 1959066 as Chargor (the “**Chargor**”); and
- (2) **MADISON PACIFIC TRUST LIMITED** as security trustee for the Secured Parties (as defined below) (in such capacity, the “**Collateral Agent**”).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

- (a) terms defined in, or construed for the purposes of, the Notes Indenture (as defined below) have the same meanings when used in this Deed (unless the same are otherwise defined in this Deed); and

- (b) at all times the following terms have the following meanings:

“**Account Bank**” means any bank or other financial institution with which any Charged Account is maintained from time to time;

“**Assigned Assets**” means the Security Assets expressed to be assigned pursuant to Clause 4.2 (*Security assignments*);

“**BVI**” means the British Virgin Islands;

“**BVI Act**” means the BVI Business Companies Act of the BVI (as amended);

“**Charged Accounts**” means each:

- (a) Collection Account; and
- (b) any other account charged by or pursuant to this Deed (including but not limited to the accounts (if any) specified as such in Part C of Schedule 1 (*Details of Security Assets*)).

“**Charged Investments**” means the Charged Securities and all present and future Related Rights accruing to all or any of the Charged Securities;

“**Charged Securities**” means:

- (a) the securities if any specified in Part B of Schedule 1 (*Details of Security Assets*); and
- (b) all other securities, stocks, shares, debentures, bonds, warrants, coupons, negotiable instruments, certificates of deposit or other securities or investments now or in future owned (legally or beneficially) by the Chargor or held by a nominee, trustee, fiduciary or clearance system on its behalf or in which the Chargor has an interest;

“Collection Account” has the meaning given to that term in Clause 11.9(a)(iii);

“CPO” means the Conveyancing and Property Ordinance (Cap. 219) of the Laws of Hong Kong;

“Debenture Security” means the Security created or evidenced by or pursuant to this Deed;

“Default Rate” means the rate of interest determined in accordance with [section 2.04(d)] of the Notes Indenture;

“Delegate” means any delegate, sub-delegate, agent, attorney or co-trustee appointed by the Collateral Agent or by a Receiver;

“Event of Default” means each Event of Default as defined in the Notes Indenture;

“Governmental Agency” means any government or any governmental agency, semi-governmental or judicial entity or authority (including any stock exchange or any self-regulatory organisation established under statute);

“Insurances” means all policies of insurance (and all cover notes) which are at any time held by or written in favour of the Chargor, or in which the Chargor from time to time has an interest including, without limitation the policies of insurance (if any) specified in Part F of Schedule 1 (*Details of Security Assets*), but excluding such policies of insurance to the extent that they are in respect of third party liabilities;

“Intellectual Property” means all legal and/or equitable interests (including, without limitation, the benefit of all licences in any part of the world) of the Chargor in, or relating to:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of the Chargor (which may now or in the future subsist),

including, without limitation, the intellectual property rights (if any) specified in Part D of Schedule 1 (*Details of Security Assets*);

“Majority Noteholders” means, at any time, Holders (as defined in the Notes Indenture) of not less than a majority in aggregate principal amount of the then outstanding Notes;

“Notes” means the US\$[●] 4.00% guaranteed senior notes due issued by the Chargor on or about the date of this Deed pursuant to the Notes Indenture;

“Notes Creditor Party” means, collectively, the Collateral Agent, any Agent, any Holder and Beneficial Holder (each as defined in the Notes Indenture);

“Notes Documents” means, collectively, the Notes, the Notes Indenture, the Security Documents (as defined in the Notes Indenture) and [*other documents*];

“Notes Indenture” means the indenture dated on or about the date of this Deed between (among others) the Chargor as issuer, Shandong Sanxing Group Company Ltd. (山東三星集團有限公司) as parent guarantor and the Collateral Agent as trustee in relation to the Notes;

“Obligors” means the Chargor and Shandong Sanxing Group Company Ltd. (山東三星集團有限公司) as parent guarantor under the Notes Indenture;

“Party” means a party to this Deed;

“Real Property” means all estates and interests in freehold, leasehold and other immovable property (wherever situated) now or in future belonging to the Chargor, or in which the Chargor has an interest at any time (including the registered and unregistered land (if any) specified in Part A of Schedule 1 (*Details of Security Assets*)), together with:

- (a) all buildings and fixtures (including trade fixtures) and fixed plant and machinery at any time thereon;
- (b) all easements, rights and agreements in respect thereof; and
- (c) the benefit of all covenants given in respect thereof;

“Receivables” means all present and future book debts and other debts, rentals, royalties, fees, monetary claims and all other amounts at any time recoverable or receivable by, or due or owing to, the Chargor (whether actual or contingent and whether arising under contract or in any other manner whatsoever) together with:

- (a) the benefit of all rights, guarantees, Security and remedies relating to any of the foregoing (including, without limitation, negotiable instruments, indemnities, reservations of property rights, rights of tracing and unpaid vendor’s liens and similar associated rights); and
- (b) all proceeds of any of the foregoing;

“Receiver” means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets appointed by the Collateral Agent under this Deed;

“Related Rights” means, in relation to any Charged Securities:

- (a) all dividends, distributions and other income paid or payable on the relevant Charged Securities or on any asset referred to in paragraph (b) of this definition; and
- (b) all rights, monies or property accruing or offered at any time in relation to such Charged Securities whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise;

“Relevant Contract” means:

- (a) each agreement (if any) specified in Part E of Schedule 1 (*Details of Security Assets*);
- (b) any other agreement, instrument or document to which the Chargor is a party and which the Collateral Agent and the Chargor have designated as a Relevant Contract,

together with each other agreement supplementing or amending or novating or replacing the same;

“Relevant Jurisdiction” means in relation to the Chargor:

- (a) its jurisdiction of incorporation;

- (b) any jurisdiction where any asset subject to any Security Interest created or expressed to be created by it under this Deed is situated;
- (c) the jurisdiction whose laws govern the perfection of any Security Interest created or expressed to be created by it under this Deed; and
- (d) any jurisdiction where it conducts its business;

“Secured Obligations” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of each Obligor to the Collateral Agent and/or the other Secured Parties (or any of them) under or pursuant to any Notes Document (including all monies covenanted to be paid under this Deed);

“Secured Parties” each Notes Creditor Party and any Receiver or Delegate;

“Security Assets” means all property and assets from time to time mortgaged, charged or assigned (or expressed to be mortgaged, charged or assigned) by or pursuant to this Deed;

“Security Period” means the period beginning on the date of this Deed and ending on the date on which:

- (a) all the Secured Obligations have been unconditionally and irrevocably paid and discharged in full; and
- (b) no Secured Party has any further commitment, obligation or liability under or pursuant to the Notes Indenture; and

“Third Parties Rights Ordinance” means the Contracts (Rights of Third Parties) Ordinance (Cap. 623) of the Laws of Hong Kong.

1.2 Interpretation

- (a) Unless a contrary indication appears, any reference in this Deed to:
 - (i) a **“Chargor”**, the **“Collateral Agent”** or any other **“Secured Party”** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Collateral Agent, any person for the time being appointed as Collateral Agent or Collateral Agents in accordance with the Notes Indenture;
 - (ii) **“this Deed”**, the **“Notes”**, the **“Notes Indenture”** any other **“Notes Document”** or any other agreement or instrument is a reference to this Deed, the Notes, the Notes Indenture, that other Notes Document or that other agreement or instrument as amended, supplemented, extended, restated, novated and/or replaced in any manner from time to time (however fundamentally and even if any of the same increases the obligations of any member of the Group or provides for further advances); and
 - (iii) **“Secured Obligations”** includes obligations and liabilities which would be treated as such but for the liquidation, administration or dissolution of or similar event affecting any member of the Group.
- (b) Each undertaking of the Chargor (other than a payment obligation) contained in this Deed:

- (i) must be complied with at all times during the Security Period; and
 - (ii) is given by the Chargor for the benefit of the Collateral Agent and each other Secured Party.
- (c) If the Collateral Agent reasonably considers that an amount paid by any member of the Group to a Secured Party under a Notes Document is capable of being avoided or otherwise set aside on the liquidation or administration of such member of the Group, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.
- (d) The Parties intend that this document shall take effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

1.3 Trust

All Security and dispositions made or created, and all obligations and undertakings contained, in this Deed to, in favour of or for the benefit of the Collateral Agent are made, created and entered into in favour of the Collateral Agent as trustee for the Secured Parties from time to time on the terms of the Notes Indenture.

1.4 Third party rights

- (a) Save as expressly provided to the contrary in this Deed, a person who is not a Party has no right under the Third Parties Rights Ordinance to enforce or enjoy the benefit of any term of this Deed.
- (b) Notwithstanding any term of this Deed, the consent of any person who is not a Party (including any Receiver or Delegate) is not required to rescind or vary this Deed at any time.
- (c) Any Secured Party, Receiver, or any delegate of the Collateral Agent or any Receiver, may, subject to this clause 1.4 (Third party rights) and the Third Parties Rights Ordinance, rely on any clause of this Deed which expressly confers rights on it.

2. COVENANT TO PAY

2.1 Covenant to pay

- (a) The Chargor, as principal obligor and not merely as surety, covenants in favour of the Collateral Agent that it will pay and discharge the Secured Obligations from time to time when they fall due.
- (b) Every payment by the Chargor of a Secured Obligation which is made to or for the benefit of a Secured Party to which that Secured Obligation is due and payable in accordance with the Notes Document under which such sum is payable to that Secured Party, shall operate in satisfaction to the same extent of the covenant contained in Clause 2.1(a).

2.2 Default interest

Any amount which is not paid under this Deed when due shall bear interest on a daily basis (both before and after judgment and payable on demand) at the Default Rate from the due date until the date on which such amount is unconditionally and irrevocably paid and discharged in full.

3. GRANT OF SECURITY

3.1 Nature of security

All Security and dispositions created or made by or pursuant to this Deed are created or made:

- (a) in favour of the Collateral Agent;
- (b) with full title guarantee; and
- (c) as continuing security for payment of the Secured Obligations.

4. FIXED SECURITY

4.1 Fixed charges

The Chargor charges and agrees to charge all of its present and future right, title and interest in and to the following assets which are at any time owned by it or in which it from time to time has an interest:

- (a) by way of first legal mortgage:
 - (i) the Real Property (if any) specified in Part A of Schedule 1 (*Details of Security Assets*); and
 - (ii) all other Real Property (if any) and all interests in Real Property not charged by Clause 4.1(a)(i);
- (b) by way of first fixed charge:
 - (i) all other Real Property and all interests in Real Property not charged by Clause 4.1(a);
 - (ii) all licences to enter upon or use land and the benefit of all other agreements relating to land; and
 - (iii) the proceeds of sale of all Real Property;
- (c) by way of first fixed charge all plant and machinery (not charged by Clause 4.1(a) or 4.1(b)) and the benefit of all contracts, licences and warranties relating to the same;
- (d) by way of first fixed charge:
 - (i) all computers, vehicles, office equipment and other equipment (not charged by Clause 4.1(c)); and
 - (ii) the benefit of all contracts, licences and warranties relating to the same;
- (e) by way of first fixed charge:
 - (i) the Charged Securities (if any) referred to in Part B of Schedule 1 (*Details of Security Assets*); and
 - (ii) all other Charged Securities (not charged by Clause 4.1(e)(i)),

in each case, together with (A) all Related Rights from time to time accruing to those Charged Securities and (B) all rights which the Chargor may have at any time against any clearance or settlement system or any custodian in respect of any Charged Investments;

(f) by way of first fixed charge:

- (i) the Collection Accounts and all monies at any time standing to the credit of the Collection Accounts; and
- (ii) all other accounts of the Chargor with any bank, financial institution or other person at any time (not charged by Clause 4.1(f)(i)) and all monies at any time standing to the credit of such accounts,

in each case, together with all interest from time to time accrued or accruing on such monies, any investment made out of such monies or account and all rights to repayment of any of the foregoing;

(g) by way of first fixed charge:

- (i) the Intellectual Property (if any) specified in Part D of Schedule 1 (*Details of Security Assets*); and
- (ii) all other Intellectual Property (if any) (not charged by Clause 4.1(g)(i));

(h) to the extent that any Assigned Asset is not effectively assigned under Clause 4.2 (*Security assignments*), by way of first fixed charge such Assigned Asset;

(i) by way of first fixed charge (to the extent not otherwise charged or assigned in this Deed):

- (i) the benefit of all licences, consents, agreements and Authorisations held or used in connection with the business of the Chargor or the use of any of its assets; and
- (ii) any letter of credit issued in favour of the Chargor and all bills of exchange and other negotiable instruments held by it; and

(j) by way of first fixed charge all of the goodwill and uncalled capital of the Chargor.

4.2 Security assignments

(a) The Chargor assigns and agrees to assign absolutely (subject to a proviso for reassignment on redemption) all of its present and future right, title and interest in and to:

- (i) the Relevant Contracts, all rights and remedies in connection with the Relevant Contracts and all proceeds and claims arising from them;
- (ii) all Insurances and all claims under the Insurances and all proceeds of the Insurances; and
- (iii) all other Receivables (not assigned under Clauses 4.2(a)(i) or 4.2(a)(ii)).

(b) To the extent that any Assigned Asset described in Clause 4.2(a)(ii) is not assignable, the assignment which that clause purports to effect shall operate as an

assignment of all present and future rights and claims of the Chargor to any proceeds of such Insurances.

4.3 Notice of assignment and/or charge - immediate notice

Immediately upon execution of this Deed (and as soon as reasonably practicable and, in any event, no later than five Business Days after obtaining any Insurance or the execution of any Relevant Contract or the opening of any Charged Account after the date of this Deed) the Chargor shall:

- (a) in respect of each of its Insurances, deliver a duly completed notice of assignment to the provider of each such Insurance and shall use its reasonable endeavours to procure that each such person executes and delivers to the Collateral Agent an acknowledgement, in each case, in the respective forms set out in Schedule 4 (*Form of notice to and acknowledgement by insurers*);
- (b) in respect of each Relevant Contract, (to the extent that the Chargor is a party to the Relevant Contract), deliver a duly completed notice of assignment to each other party to that Relevant Contract, and procure that each such party executes and delivers to the Collateral Agent an acknowledgement, in each case in the respective forms set out in Schedule 3 (*Form of notice to and acknowledgement by party to Relevant Contract*); and
- (c) in respect of its Charged Accounts deliver a duly completed notice to each Account Bank and procure that the Account Bank executes and delivers to the Collateral Agent an acknowledgement, in each case in the respective forms set out in Schedule 2 (*Form of notice to and acknowledgement from Account Bank*),

or, in each case, in such other form as the Collateral Agent shall agree.

4.4 Assigned Assets

The Collateral Agent is not obliged to take any steps necessary to preserve any Assigned Asset, to enforce any term of a Relevant Contract against any person or to make any enquiries as to the nature or sufficiency of any payment received by it pursuant to this Deed.

5. FLOATING CHARGE

The Chargor charges and agrees to charge by way of first floating charge all of its present and future:

- (a) assets and undertaking (wherever located) not otherwise effectively charged by way of fixed mortgage or charge or assigned pursuant to Clause 4.1 (*Fixed charges*), Clause 4.2 (*Security assignments*) or any other provision of this Deed; and
- (b) (whether or not effectively so charged or assigned) heritable property and all other property and assets.

6. CONVERSION OF FLOATING CHARGE

6.1 Conversion by notice

The Collateral Agent may, by written notice to the Chargor, convert the floating charge created under this Deed into a fixed charge as regards all or any of the assets of the Chargor specified in the notice if:

- (a) an Event of Default has occurred; or
- (b) the Collateral Agent considers any Security Assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

6.2 Automatic conversion

The floating charge created under this Deed shall (in addition to the circumstances in which the same will occur under general law) automatically convert into a fixed charge:

- (a) in relation to any Security Asset which is subject to a floating charge if:
 - (i) the Chargor creates (or attempts or purports to create) any Security (other than a Permitted Liens) on or over the relevant Security Asset without the prior written consent of the Collateral Agent; or
 - (ii) any third party levies or attempts to levy any distress, execution, attachment or other legal process against any such Security Asset; and
- (b) over all Security Assets of the Chargor which are subject to a floating charge if a provisional liquidator is appointed or the Collateral Agent receives notice of intention to appoint a provisional liquidator in respect of the Chargor.

6.3 Partial conversion

The giving of a notice by the Collateral Agent pursuant to Clause 6.1 (*Conversion by notice*) in relation to any class of assets of the Chargor shall not be construed as a waiver or abandonment of the rights of the Collateral Agent to serve similar notices in respect of any other class of assets or of any other right of the Collateral Agent and/or the other Secured Parties.

7. CONTINUING SECURITY

7.1 Continuing security

The Debenture Security is continuing and will extend to the ultimate balance of the Secured Obligations regardless of any intermediate payment or discharge in whole or in part. This Deed shall remain in full force and effect as a continuing security for the duration of the Security Period.

7.2 Additional and separate security

This Deed is in addition to, without prejudice to, and shall not merge with, any other right, remedy, guarantee or Security which the Collateral Agent and/or any other Secured Party may at any time hold for any Secured Obligation.

7.3 Right to enforce

This Deed may be enforced against the Chargor without the Collateral Agent and/or any other Secured Party first having recourse to any other right, remedy, guarantee or Security held by or available to it or any of them.

8. LIABILITY OF THE CHARGOR RELATING TO SECURITY ASSETS

Notwithstanding anything contained in this Deed or implied to the contrary, the Chargor remains liable to observe and perform all conditions and obligations assumed by it in relation to the Security Assets. The Collateral Agent is under no obligation to perform or fulfil any such condition or obligation or to make any payment in respect of any such condition or obligation.

9. ACCOUNTS

No monies at any time standing to the credit of any account (of any type and however designated) of the Chargor with the Collateral Agent and/or any other Secured Party (or any of them) or in which the Chargor has an interest (and no rights and benefits relating thereto) shall be capable of being assigned to any person other than a Secured Party.

10. REPRESENTATIONS

10.1 General

The Chargor makes the representations and warranties set out in this Clause 10 to the Collateral Agent and to each other Secured Party.

10.2 Status

It is a company, duly incorporated and validly existing under the law of its jurisdiction of incorporation and it has the power to own its assets and carry on its business as it is being conducted.

10.3 Registered Non-Hong Kong Company

As at the date of this Deed, the Chargor is not registered as a registered non-Hong Kong company under Part XVI of the Companies Ordinance, nor has it made any application to be so registered.

10.4 Binding obligations

- (a) This Deed has been duly executed and delivered by the Chargor and the obligations expressed to be assumed by it in this Deed are legal, valid, binding and enforceable obligations.
- (b) This Deed creates the security interests which it purports to create, and those security interests are valid and effective and are not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise.

10.5 Non-conflict with other obligations

The entry into and performance by it of this Deed and the transactions and granting of Security contemplated by it do not and will not conflict with:

- (a) any law or regulation applicable to it; or
- (b) its constitutional documents; or
- (c) any agreement or other obligation binding on it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

10.6 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.
- (b) No limit on its powers will be exceeded as a result of the grant of security contemplated by this Deed.
- (c) It is acting in all matters relating to this Deed for its own account and not as trustee, nominee or agent or any other capacity whatsoever.

10.7 Validity and admissibility in evidence

All governmental and other authorisations, approvals, licences and consents required or desirable:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Deed; and
 - (b) to make this Deed admissible in evidence in a Relevant Jurisdiction,
- have been obtained or effected and are in full force and effect.

10.8 Governing law and enforcement

- (a) The choice of Hong Kong law as the governing law of this Deed will be recognised and enforced in the Chargor's Relevant Jurisdiction.
- (b) Any judgment obtained in Hong Kong in relation to this Deed will be recognised and enforced in its Relevant Jurisdiction.

10.9 Insolvency

- (a) It is not insolvent or subject to any winding up proceedings or receivership orders and as far as it is aware after all due enquiry, no insolvency proceedings have been threatened or commenced against any Obligor.
- (b) No formal action has been taken in, or event or circumstance has occurred which triggers, the liquidation, dissolution, striking off, winding up or the granting of a receivership order (as applicable) of any Obligor.

10.10 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings or investigations are currently taking place or threatened in relation to any of the Charged Investments.

10.11 Ranking

The Debenture Security has a first ranking priority and is not subject to any prior ranking or pari passu Security.

10.12 No Security

No security (other than that created by this Deed) exists over any Charged Assets.

10.13 Ownership of Security Assets

The Chargor is the sole legal and beneficial owner of all the Security Assets.

10.14 Time when representations made

Unless a representation and warranty is expressed to be given at a specific date, each representation and warranty under this Deed is deemed to be made by the Chargor by reference to the facts and circumstances then existing on each day within the Security Period.

11. UNDERTAKINGS BY THE CHARGOR

11.1 Negative pledge and Disposals

The Chargor shall not do or agree to do any of the following without the prior written consent of the Collateral Agent:

- (a) create or permit to subsist any Security or Quasi-Security on any Security Asset other than as created by this Deed and except for Permitted Liens; or
- (b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not and whether voluntarily or involuntarily) the whole or any part of its interest in any Security Asset except for as expressly permitted by the Notes Indenture.

11.2 Security Assets generally

The Chargor shall:

- (a) promptly notify the Collateral Agent (in any event within 5 days of receipt) of every material notice, order, application, requirement or proposal given or made in relation to the Security Assets by any competent authority, and (if required by the Collateral Agent):
 - (i) promptly provide it with a copy of the same; and
 - (ii) either (A) comply with such notice, order, application, requirement or proposal or (B) make such objections to the same as the Collateral Agent may require or approve;
- (b) promptly pay all rates, rents and other outgoings owed by it in respect of the Security Assets;
- (c) promptly comply with:
 - (i) all obligations in relation to the Security Assets under any present or future regulation or requirement of any competent authority or any Authorisation; and
 - (ii) all covenants and obligations affecting any Security Asset (or its manner of use),
- (d) not, except with the prior written consent of the Collateral Agent, enter into any onerous or restrictive obligation affecting any Security Assets (except as expressly permitted by the Notes Indenture);

- (e) promptly provide the Collateral Agent with all information which it may reasonably request in relation to the Security Assets; and
- (f) not do, cause or permit to be done anything which would, or would be reasonably likely to, in any way depreciate, jeopardise or otherwise prejudice the value or marketability of any Security Asset (or make any omission which has such an effect).

11.3 Deposit of documents and notices relating to Real Property

The Chargor shall, if requested by the Collateral Agent in writing, promptly deposit with the Collateral Agent:

- (a) all deeds and documents of title relating to the Real Property; and
- (b) all local land charges, land charges and the Land Registry (or such other applicable Governmental Agency) search certificates and similar documents received by or on behalf of the Chargor,

which the Collateral Agent may hold throughout the Security Period.

11.4 Real Property undertakings - acquisitions and notices

- (a) The Chargor shall notify the Collateral Agent promptly prior to the acquisition of any estate or interest in any freehold or leasehold property.
- (b) The Chargor shall, unless the Collateral Agent otherwise agrees in writing, in respect of any Real Property which is acquired by it after the date of this Deed, the title to which is registered at the Land Registry (or such other applicable Governmental Agency) or the title to which is required to be so registered, promptly following completion of the relevant acquisition:
 - (i) give the Land Registry (or such other applicable Governmental Agency) written notice of this Deed; and
 - (ii) procure that notice of this Deed is clearly noted in such register to each such title.

11.5 Real Property undertakings - maintenance

- (a) The Chargor shall maintain all buildings and erections forming part of the Security Assets in a good state of repair.
- (b) The Chargor shall not, except with the prior written consent of the Collateral Agent:
 - (i) confer on any person any lease or tenancy of any of the Real Property or accept a surrender of any lease or tenancy (whether independently or under any statutory power);
 - (ii) confer on any person any right or licence to occupy any land or buildings forming part of the Real Property; or
 - (iii) grant any licence to assign or sub-let any part of the Real Property.
- (c) The Chargor shall not carry out any development in or upon any part of the Real Property without first obtaining the written consent of the Collateral Agent.

- (d) The Chargor shall not do, or permit to be done, anything as a result of which any lease may be liable to forfeiture or otherwise be determined.
- (e) The Chargor shall permit the Collateral Agent and any person nominated by it at all reasonable times with reasonable notice to enter any part of the Real Property and view the state of it.

11.6 Real Property undertakings - title investigation

- (a) The Chargor shall grant the Collateral Agent on request all facilities within the power of the Chargor to enable the Collateral Agent (or its lawyers) to carry out investigations of title to the Real Property and to make all enquiries in relation to any part of the Real Property which a prudent mortgagee might carry out. Those investigations shall be carried out at the expense of the Chargor.
- (b) Immediately upon demand by the Collateral Agent, the Chargor shall at its own expense provide the Collateral Agent with a report as to title of the Chargor to its Real Property (concerning those items which may properly be sought to be covered by a prudent mortgagee in a lawyer's report of this nature).

11.7 Equipment

Immediately on request by the Collateral Agent, the Chargor shall affix to any plant, machinery, fixtures, fittings, computers, vehicles, office equipment, other equipment and other assets for the time being owned by it (in a prominent position) a durable notice of this Deed (in any form required by the Collateral Agent).

11.8 Insurance

- (a) The Chargor shall at all times comply with its obligations as to insurance contained in the Notes Indenture.
- (b) If at any time the Chargor defaults in:
 - (i) effecting or keeping up the insurances (A) required under the Notes Indenture or (B) referred to in this clause; or
 - (ii) producing any insurance policy or receipt to the Collateral Agent within 5 days of demand,

the Collateral Agent may (without prejudice to its rights under Clause 12 (*Power to remedy*)) take out or renew such policies of insurance in any sum which the Collateral Agent may reasonably think expedient. All monies which are expended by the Collateral Agent in doing so shall be deemed to be properly paid by the Collateral Agent and shall be reimbursed by the Chargor on demand.

- (c) The Chargor shall, subject to the rights of the Collateral Agent under Clause 11.8(d), diligently pursue its rights under the Insurances.
- (d) In relation to the proceeds of Insurances:
 - (i) after the occurrence of an Event of Default, the Collateral Agent shall have the sole right to settle or sue for any such claim and to give any discharge for insurance monies; and

- (ii) all claims and monies received or receivable under any Insurances shall (subject to the rights or claims of any lessor or landlord or tenant of any part of the Security Assets) be applied in accordance with the Notes Indenture,

or, in each case after the occurrence of an Event of Default, in permanent reduction of the Secured Obligations in accordance with the Notes Indenture.

11.9 Dealings with and realisation of Receivables and Collection Accounts

- (a) The Chargor shall:
 - (i) without prejudice to Clause 11.1 (*Negative pledge and Disposals*) (but in addition to the restrictions in that clause), not, without the prior written consent of the Collateral Agent, sell, assign, charge, factor or discount or in any other manner deal with any Receivable save as expressly permitted under the Notes Indenture;
 - (ii) following the occurrence of an Event of Default, collect all Receivables promptly in the ordinary course of trading as agent for the Collateral Agent; and
 - (iii) immediately upon receipt pay all monies which it receives in respect of the Receivables into
 - (A) any account held with an Account Bank over which the Chargor has granted Security to the Collateral Agent pursuant to the terms of this Deed; or
 - (B) following the occurrence of an Event of Default such specially designated account(s) with the Collateral Agent or another Account Bank as the Collateral Agent may from time to time direct,(each such account(s) together with all additions to or renewals or replacements thereof (in whatever currency) being a “**Collection Account**”); and
 - (iv) following the occurrence of an Event of Default pending such payment, hold all monies so received upon trust for the Collateral Agent.
- (b) Following the occurrence of an Event of Default, the Chargor shall deal with the Receivables (both collected and uncollected) and the Collection Accounts in accordance with any directions given in writing from time to time by the Collateral Agent and, in default of and subject to such directions, in accordance with this Deed.

11.10 Operation of Collection Accounts

- (a) The Chargor shall not withdraw, attempt or be entitled to withdraw (or direct any transfer of) all or any part of the monies in any Collection Account without the prior written consent of the Collateral Agent and the Collateral Agent shall be entitled (in its absolute discretion) to refuse to permit any such withdrawal or transfer.
- (b) If the right of the Chargor to withdraw the proceeds of any Receivables standing to the credit of a Collection Account results in the charge over that Collection Account being characterised as a floating charge, that will not affect the nature of any other fixed security created by the Chargor under this Deed on all its outstanding Receivables.

11.11 Charged Investments - protection of security

- (a) The Chargor shall, immediately upon execution of this Deed (as applicable) or (if later) immediately upon its acquisition of any Charged Securities, by way of security for the Secured Obligations:
 - (i) deposit with the Collateral Agent (or as the Collateral Agent may direct) all certificates and other documents of title or evidence of ownership to the Charged Securities and their Related Rights; and
 - (ii) execute and deliver to the Collateral Agent:
 - (A) instruments of transfer in respect of the Charged Securities (executed in blank and left undated); and/or
 - (B) such other documents as the Collateral Agent shall require to enable it (or its nominees) to be registered as the owner of or otherwise to acquire a legal title to the Charged Securities and their Related Rights (or to pass legal title to any purchaser).
- (b) In respect of any Charged Investment held by or on behalf of any nominee of any clearance or settlement system, the Chargor shall immediately upon execution of this Deed or (if later) immediately upon acquisition of an interest in such Charged Investment deliver to the Collateral Agent duly executed stock notes or other document in the name of the Collateral Agent (or as it may direct) issued by such nominee and representing or evidencing any benefit or entitlement to such Charged Investment.
- (c) The Chargor shall:
 - (i) promptly give notice to any custodian of any agreement with the Chargor in respect of any Charged Investment in the form required by the Collateral Agent; and
 - (ii) ensure that the custodian acknowledges that notice in the form required by the Collateral Agent.
- (d) The Chargor shall:
 - (i) instruct any clearance system to transfer any Charged Investment held by it for the Chargor or its nominee to an account of the Collateral Agent or its nominee with such clearance system; and
 - (ii) take whatever action the Collateral Agent may request for the dematerialisation or rematerialisation of any Charged Investment held in a clearance system.

Without prejudice to the rest of this Clause 11.11, the Collateral Agent may, at the expense of the Chargor, take whatever action is required for the dematerialisation or rematerialisation of the Charged Investments.
- (e) The Chargor shall promptly pay all calls or other payments which may become due in respect of its Charged Investments.
- (f) The Chargor shall not nominate another person to enjoy or exercise all or any specified rights of the Chargor in relation to its Charged Investments.

- (g) Without limiting its obligations under Clause 11.2(e), the Chargor shall comply with all requests for information within its knowledge relating to the Charged Investments which are made under section 329 of the Securities and Futures Ordinance (Cap. 571) or which could be made under section 329 if the relevant company were a public limited company or under any similar provision contained in the articles of association or other constitutional documents of the relevant company or otherwise relating to the Charged Investments and, if it fails to do so, the Collateral Agent may provide such information as it may have on behalf of the Chargor.

11.12 Rights of the Parties in respect of Charged Investments

- (a) Until an Event of Default occurs, the Chargor shall be entitled to:
 - (i) receive and retain all dividends, distributions and other monies paid on or derived from its Charged Securities; and
 - (ii) exercise all voting and other rights and powers attaching to its Charged Securities, provided that it must not do so in a manner which:
 - (A) has the effect of changing the terms of such Charged Securities (or any class of them) or of any Related Rights unless permitted by the Notes Documents; or
 - (B) is prejudicial to the interests of the Collateral Agent and/or the other Secured Parties.
- (b) At any time following the occurrence of an Event of Default, the Collateral Agent may complete the instrument(s) of transfer for all or any Charged Securities on behalf of the Chargor in favour of itself or such other person as it may select.
- (c) At any time when any Charged Securities are registered in the name of the Collateral Agent or its nominee, the Collateral Agent shall be under no duty to:
 - (i) ensure that any dividends, distributions or other monies payable in respect of such Charged Securities are duly and promptly paid or received by it or its nominee;
 - (ii) verify that the correct amounts are paid or received; or
 - (iii) take any action in connection with the taking up of any (or any offer of any) Related Rights in respect of or in substitution for, any such Charged Securities.

12. POWER TO REMEDY

12.1 Power to remedy

If at any time the Chargor does not comply with any of its obligations under this Deed, the Collateral Agent (without prejudice to any other rights arising as a consequence of such non-compliance) shall be entitled (but not bound) to rectify that default. The Chargor irrevocably authorises the Collateral Agent and its employees and agents by way of security to do all such things (including entering the property of the Chargor) which are necessary or desirable to rectify that default.

12.2 Mortgagee in possession

The exercise of the powers of the Collateral Agent under this Clause 12 shall not render it, or any other Secured Party, liable as a mortgagee in possession.

12.3 Monies expended

The Chargor shall pay to the Collateral Agent on demand any monies which are expended by the Collateral Agent in exercising its powers under this Clause 12, together with interest at the Default Rate from the date on which those monies were expended by the Collateral Agent (both before and after judgment) and otherwise in accordance with Clause 2.2 (*Default interest*).

13. WHEN SECURITY BECOMES ENFORCEABLE

13.1 When enforceable

The Debenture Security shall become immediately enforceable upon the occurrence of an Event of Default.

13.2 Statutory powers

The power of sale and other powers conferred (or deemed by this Deed to be conferred) by the CPO, including, without limitation, by section 51 (*Powers of mortgagee and receiver*) and section 53 (*Sale by mortgagee*) of the CPO and the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO, shall be immediately exercisable upon and at any time after the occurrence of any Event of Default.

13.3 Enforcement

After the Debenture Security has become enforceable, the Collateral Agent may in its absolute discretion enforce all or any part of the Debenture Security in such manner as it sees fit.

14. ENFORCEMENT OF SECURITY

14.1 General

For the purposes of all rights and powers implied by statute, the Secured Obligations are deemed to have become due and payable on the date of this Deed. Paragraph 11 of the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO does not apply to the Debenture Security.

14.2 Powers of Collateral Agent

At any time after the Debenture Security becomes enforceable (or if so requested by the Chargor by written notice at any time), the Collateral Agent may without further notice (unless required by law):

- (i) appoint any person (or persons) to be a receiver, or receiver and manager of all or any part of the Security Assets and/or of the income of the Security Assets; and/or
- (ii) appoint or apply for the appointment of any person who is appropriately qualified as administrator of the Chargor; and/or

- (iii) exercise all or any of the powers conferred on mortgagees by the CPO (as amended or extended by this Deed) and/or all or any of the powers which are conferred by this Deed on a Receiver, in each case without first appointing a Receiver or notwithstanding the appointment of any Receiver; and/or
- (iv) exercise (in the name of the Chargor and without any further consent or authority of the Chargor) any voting rights and any powers or rights which may be exercised by any person(s) in whose name any Charged Investment is registered or who is the holder of any of them.

14.3 Redemption of prior mortgages

- (a) At any time after the Debenture Security has become enforceable, the Collateral Agent may:
 - (i) redeem any prior Security against any Security Asset; and/or
 - (ii) procure the transfer of that Security to itself; and/or
 - (iii) settle and pass the accounts of the holder of any prior Security and any accounts so settled and passed shall be conclusive and binding on the Chargor.
- (b) All principal, interest, costs, charges and expenses of and incidental to any such redemption and/or transfer shall be paid by the Chargor to the Collateral Agent on demand.

14.4 Privileges

Each Receiver and the Collateral Agent is entitled to all the rights, powers, privileges and immunities of mortgagees and receivers conferred by the CPO as if it were such a mortgagee or receiver (and so that the statutory power of sale shall be exercisable without regard to paragraph 11 of the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO).

14.5 No liability

- (a) Neither the Collateral Agent, any other Secured Party nor any Receiver shall be liable (A) in respect of all or any part of the Security Assets or (B) for any loss or damage which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of, its or his respective powers (unless such loss or damage is caused by its or his gross negligence or wilful misconduct).
- (b) Without prejudice to the generality of Clause 14.6(a), neither the Collateral Agent, any other Secured Party nor any Receiver shall be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

14.6 Protection of third parties

No person (including a purchaser) dealing with the Collateral Agent or any Receiver or Delegate will be concerned to enquire:

- (a) whether the Secured Obligations have become payable;

- (b) whether any power which the Collateral Agent or the Receiver is purporting to exercise has become exercisable;
- (c) whether any money remains due under any Notes Document; or
- (d) how any money paid to the Collateral Agent or to the Receiver is to be applied.

15. RECEIVER

15.1 Removal and replacement

The Collateral Agent may from time to time remove any Receiver appointed by it and, whenever it may deem appropriate, may appoint a new Receiver in the place of any Receiver whose appointment has terminated.

15.2 Multiple Receivers

If at any time there is more than one Receiver of all or any part of the Security Assets and/or the income of the Security Assets, each Receiver shall have power to act individually (unless otherwise stated in the appointment document).

15.3 Remuneration

Any Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Collateral Agent (or, failing such agreement, to be fixed by the Collateral Agent).

15.4 Payment by Receiver

Only monies actually paid by a Receiver to the Collateral Agent in relation to the Secured Obligations shall be capable of being applied by the Collateral Agent in discharge of the Secured Obligations.

15.5 Agent of the Chargor

Any Receiver shall be the agent of the Chargor in respect of which it is appointed. The Chargor shall be solely responsible for its acts and defaults and for the payment of its remuneration. No Secured Party shall incur any liability (either to the Chargor or to any other person) by reason of the appointment of a Receiver or for any other reason.

16. POWERS OF RECEIVER

16.1 General powers

Any Receiver shall have:

- (a) all the powers which are conferred on the Collateral Agent by Clause 14.3 (*Powers of Collateral Agent*);
- (b) all the powers which are conferred by the CPO on mortgagees in possession and receivers appointed under the CPO; and
- (c) all powers which are conferred by any other law conferring power on receivers.

16.2 Additional powers

In addition to the powers referred to in Clause 16.1 (*General powers*), a Receiver shall have the following powers:

- (a) to take possession of, collect and get in all or any part of the Security Assets and/or income in respect of which he was appointed;
- (b) to manage the Security Assets and the business of the Chargor as he thinks fit;
- (c) to redeem any Security and to borrow or raise any money and secure the payment of any money in priority to the Secured Obligations for the purpose of the exercise of his powers and/or defraying any costs or liabilities incurred by him in such exercise;
- (d) to sell or concur in selling, leasing or otherwise disposing of all or any part of the Security Assets in respect of which he was appointed without the need to observe the restrictions imposed by paragraph 11 of the Fourth Schedule (Powers of Mortgagee and Receiver) to the CPO, and, without limitation;
 - (i) fixtures may be severed and sold separately from the Real Property containing them, without the consent of the Chargor;
 - (ii) the consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration (and the amount of such consideration may be dependent upon profit or turnover or be determined by a third party); and
 - (iii) any such consideration may be payable in a lump sum or by instalments spread over such period as he thinks fit;
- (e) to alter, improve, develop, complete, construct, modify, refurbish or repair any building or land and to complete or undertake or concur in the completion or undertaking (with or without modification) of any project in which the Chargor was concerned or interested before his appointment (being a project for the alteration, improvement, development, completion, construction, modification, refurbishment or repair of any building or land);
- (f) to carry out any sale, lease or other disposal of all or any part of the Security Assets by conveying, transferring, assigning or leasing the same in the name of the Chargor and, for that purpose, to enter into covenants and other contractual obligations in the name of, and so as to bind, the Chargor;
- (g) to take any such proceedings (in the name of the Chargor or otherwise) as he shall think fit in respect of the Security Assets and/or income in respect of which he was appointed (including proceedings for recovery of rent or other monies in arrears at the date of his appointment);
- (h) to enter into or make any such agreement, arrangement or compromise as he shall think fit;
- (i) to insure, and to renew any insurances in respect of, the Security Assets as he shall think fit (or as the Collateral Agent shall direct);

- (j) to appoint and employ such managers, officers and workmen and engage such professional advisers as he shall think fit (including, without prejudice to the generality of the foregoing power, to employ his partners and firm);
- (k) to form one or more Subsidiaries of the Chargor and to transfer to any such Subsidiary all or any part of the Security Assets;
- (l) to operate any rent review clause in respect of any Real Property in respect of which he was appointed (or any part thereof) and to apply for any new or extended lease; and
- (m) to:
 - (i) give valid receipts for all monies and to do all such other things as may seem to him to be incidental or conducive to any other power vested in him or necessary or desirable for the realisation of any Security Asset;
 - (ii) exercise in relation to each Security Asset all such powers and rights as he would be capable of exercising if he were the absolute beneficial owner of the Security Assets; and
 - (iii) use the name of the Chargor for any of the above purposes.

17. APPLICATION OF PROCEEDS

17.1 Application

All monies received by the Collateral Agent or any Receiver after the Debenture Security has become enforceable shall (subject to the rights and claims of any person having a security ranking in priority to the Debenture Security) be applied in the following order:

- (a) **first**, in satisfaction of, or provision for, all costs, charges and expenses incurred, and payments made, by the Collateral Agent, any other Secured Party or any Receiver or Delegate and of all remuneration due to the Receiver in connection with this Deed or the Security Assets;
- (b) **secondly**, in or towards satisfaction of the remaining Secured Obligations in accordance with the Notes Indenture; and
- (c) **thirdly**, in payment of any surplus to the Chargor or other person entitled to it.

17.2 Contingencies

If the Debenture Security is enforced at a time when no amounts are due under the Notes Documents (but at a time when amounts may become so due), the Collateral Agent or a Receiver may pay the proceeds of any recoveries effected by it into a blocked suspense account.

17.3 Appropriation and suspense account

- (a) Subject to Clause 17.1 (*Application*), the Collateral Agent shall apply all payments received in respect of the Secured Obligations in reduction of any part of the Secured Obligations in any order or manner which it may determine.
- (b) Any such appropriation shall override any appropriation by the Chargor.

- (c) All monies received, recovered or realised by the Collateral Agent under or in connection with this Deed may at the discretion of the Collateral Agent be credited to a separate suspense account for so long as the Collateral Agent determines, without the Collateral Agent having any obligation to apply such monies and interest or any part of it in or towards the discharge of any of the Secured Obligations unless such monies would be sufficient to discharge all Secured Obligations in full.

18. SET-OFF

18.1 Set-off rights

- (a) The Collateral Agent and each other Secured Party may (but shall not be obliged to) set off any obligation which is due and payable by the Chargor and unpaid (whether under the Notes Documents or which has been assigned to the Collateral Agent or such other Secured Party by any other Chargor) against any obligation (whether or not matured) owed by the Collateral Agent or such other Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation.
- (b) At any time after the Debenture Security has become enforceable (and in addition to its rights under Clause 18.1(a)), the Collateral Agent and each other Secured Party may (but shall not be obliged to) set-off any contingent liability owed by the Chargor under any Notes Document against any obligation (whether or not matured) owed by the Collateral Agent or such other Secured Party to the Chargor, regardless of the place of payment, booking branch or currency of either obligation.
- (c) If the obligations are in different currencies, the Collateral Agent or such other Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
- (d) If either obligation is unliquidated or unascertained, the Collateral Agent or such other Secured Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

18.2 Time deposits

Without prejudice to Clause 18.1 (*Set-off rights*), if any time deposit matures on any account which the Chargor has with the Collateral Agent or any other Secured Party at a time within the Security Period when:

- (a) the Debenture Security has become enforceable; and
- (b) no Secured Obligation is due and payable,

such time deposit shall automatically be renewed for such further maturity as the Collateral Agent or such other Secured Party in its absolute discretion considers appropriate unless the Collateral Agent or such other Secured Party otherwise agrees in writing.

19. DELEGATION

Each of the Collateral Agent and any Receiver may delegate, by power of attorney (or in any other manner) to any person, any right, power or discretion exercisable by them under this Deed upon any terms (including power to sub-delegate) which it may think fit. Neither the Collateral Agent nor any Receiver shall be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

20. FURTHER ASSURANCES

20.1 Further action

The Chargor shall, at its own expense, promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Collateral Agent or a Receiver may reasonably specify (and in such form as the Collateral Agent or a Receiver may reasonably require) in favour of the Collateral Agent, a Receiver or its nominees in order to:

- (a) perfect the Security created or intended to be created under or evidenced by this Deed or for the exercise of any rights, powers and remedies exercisable by the Collateral Agent, any other Secured Party or any Receiver or any Delegate in respect of any Security Asset or provided by or pursuant to this Deed or by law; or
- (b) confer on the Collateral Agent, any Receiver or the Secured Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to this Deed; and/or
- (c) facilitate the realisation of the assets which are, or are intended to be, the subject of the Debenture Security.

20.2 Registration in BVI

- (a) The Chargor shall, promptly after execution of this Deed:
 - (i) create and maintain a Register of Charges to the extent this has not already been done in accordance with section 162 of the BVI Act;
 - (ii) enter particulars as required by the BVI Act of the security interests created pursuant to this Deed in its Register of Charges and promptly after entry of such particulars has been made, and in any event within five Business Days of the date of this Deed, provide the Collateral Agent with a certified true copy of its updated Register of Charges; and
 - (iii) effect registration, or explicitly request the assistance of the Collateral Agent in effecting registration, of this Deed with the Registrar of Corporate Affairs pursuant to section 163 of the BVI Act by making the required filing, or assisting the Collateral Agent in making the required filing, in the approved form with the Registrar of Corporate Affairs and (unless such filing is made by or on behalf of the Collateral Agent) provide confirmation in writing to the Collateral Agent that such filing has been made.
- (b) Unless the registration referred to in sub-paragraph (iii) above was effected by or on behalf of the Collateral Agent, the Chargor shall, promptly on receipt, deliver or procure to be delivered to the Collateral Agent, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with together with the filed stamped copy of the application containing the relevant particulars of charge.

20.3 Part 16 of the Companies Ordinance

The Chargor shall if at any time after the date of this Deed applies to have itself registered as a registered non-Hong Kong Company under Part XVI of the Companies Ordinance, and consequently be registered;

- (a) notify the Collateral Agent immediately of such application and details of its registration; and
- (b) as soon as reasonably practicable (and in any event no later than one month from the date of such registration) take all steps to comply with the requirements of the Companies Ordinance in respect of this Deed and the Debenture Security hereby created including registering this Deed with the Hong Kong Companies Registry and supplying to the Collateral Agent the original certificates of registration in respect of this Deed.

20.4 Notes Documents

The Chargor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Collateral Agent or the Secured Parties by or pursuant to this Deed.

20.5 Specific security

Without prejudice to the generality of Clause 20.1 (*Further action*), the Chargor will immediately upon request by the Collateral Agent execute any document contemplated by that clause over any Security Asset which is subject to or intended to be subject to any fixed security under this Deed (including any fixed security arising or intended to arise pursuant to Clause 6 (*Conversion of floating charge*)).

20.6 Legal Opinion

The Chargor shall, promptly upon request by the Collateral Agent (acting on the instructions of the Majority Noteholders), deliver to the Collateral Agent, at the cost of the Chargor, a customary legal opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions and in each case satisfactory to the Collateral Agent, regarding the validity and enforceability of the security interests intended or purported to be created under, and due execution of, this Deed.

21. POWER OF ATTORNEY

The Chargor, by way of security, irrevocably and severally appoints the Collateral Agent, each Receiver and any Delegate to be its attorney to take any action which the Chargor is obliged to take under this Deed, including under Clause 20 (*Further assurances*). The Chargor ratifies and confirms whatever any attorney does or purports to do pursuant to its appointment under this clause.

22. CURRENCY CONVERSION

All monies received or held by the Collateral Agent or any Receiver under this Deed may be converted from their existing currency into such other currency as the Collateral Agent or the Receiver considers necessary or desirable to cover the obligations and liabilities comprised in the Secured Obligations in that other currency at the spot rate of exchange for the purchase of the relevant currency in the Hong Kong foreign exchange market on the relevant day. The Chargor shall indemnify the Collateral Agent against all costs, charges and expenses incurred in relation to such conversion. Neither the Collateral Agent nor any Receiver shall have any liability to the Chargor in respect of any loss resulting from any fluctuation in exchange rates after any such conversion.

23. CHANGES TO THE PARTIES

23.1 Chargor

The Chargor may not assign any of its rights or obligations under this Deed.

23.2 Collateral Agent

The Collateral Agent may assign or transfer all or any part of its rights under this Deed pursuant to the resignation or removal of the Collateral Agent in accordance with the Notes Indenture. The Chargor shall, immediately upon being requested to do so by the Collateral Agent, enter into such documents as may be necessary or desirable to effect such assignment or transfer.

24. MISCELLANEOUS

24.1 New accounts

- (a) If the Collateral Agent or any other Secured Party receives, or is deemed to be affected by, notice, whether actual or constructive, of any subsequent Security (other than a Permitted Liens) affecting any Security Asset and/or the proceeds of sale of any Security Asset or any guarantee under the Notes Documents ceases to continue in force, it may open a new account or accounts for the Chargor. If it does not open a new account, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received such notice.
- (b) As from that time all payments made to the Collateral Agent or such other Secured Party will be credited or be treated as having been credited to the new account and will not operate to reduce any amount of the Secured Obligations.

24.2 Protective clauses

The Chargor is deemed to be a principal debtor in relation to this Deed. The obligations of the Chargor under, and the security intended to be created by, this Deed shall not be impaired by any forbearance, neglect, indulgence, extension or time, release, surrender or loss of securities, dealing, amendment or arrangement by any Secured Party which would otherwise have reduced, released or prejudiced the Debenture Security or any surety liability of the Chargor (whether or not known to it or to any Secured Party).

25. NOTICES

25.1 Notes Indenture

- (a) Section 15.03 of the Notes Indenture is incorporated into this Deed as if fully set out in this Deed.
- (b) The address and fax numbers of each Party for all communications or documents given under or in connection with this Deed are those identified with its name in the execution pages to this Deed or subsequently notified from time to time by the relevant Party for the purposes of the Notes Indenture or this Deed.

26. CALCULATIONS AND CERTIFICATES

Any certificate of or determination by a Secured Party or the Collateral Agent specifying the amount of any Secured Obligation due from the Chargor (including details of any

relevant calculation thereof) is, in the absence of manifest error, conclusive evidence against the Chargor of the matters to which it relates.

27. PARTIAL INVALIDITY

All the provisions of this Deed are severable and distinct from one another and if at any time any provision is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of any of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

28. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent (or any other Secured Party), any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise, or the exercise of any other right or remedy. The rights and remedies provided are cumulative and not exclusive of any rights or remedies provided by law.

29. AMENDMENTS AND WAIVERS

Any provision of this Deed may be amended only if the Collateral Agent and the Chargor so agree in writing and any breach of this Deed may be waived before or after it occurs only if the Collateral Agent so agrees in writing. A waiver given or consent granted by the Collateral Agent under this Deed will be effective only if given in writing and then only in the instance and for the purpose for which it is given.

30. COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures (and seals, if any) on the counterparts were on a single copy of this Deed.

31. RELEASE

31.1 Release

Upon the expiry of the Security Period (but not otherwise) the Collateral Agent shall, at the request and cost of the Chargor, take whatever action is necessary to release or re-assign (without recourse or warranty) the Security Assets from the Debenture Security.

31.2 Reinstatement

Where any discharge (whether in respect of the obligations of the Chargor or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise (without limitation), the liability of the Chargor under this Deed shall continue as if the discharge or arrangement had not occurred. The Collateral Agent may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

32. GOVERNING LAW

This Deed is governed by Hong Kong law.

33. ENFORCEMENT

33.1 Jurisdiction of Hong Kong courts

- (a) The Hong Kong courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed) (a “**Dispute**”).
- (b) The Parties agree that the Hong Kong courts are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 33.1 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

33.2 Service of Process

- (a) The Chargor irrevocably appoints [●] of [address], as its agent under this Deed for service of process in any proceedings before the Hong Kong courts.
- (b) If such process agent ceases to be able to act as such or no longer has an address in Hong Kong, the Chargor will forthwith appoint a substitute process agent and will promptly notify the Collateral Agent of such appointment.
- (c) In the event that the Chargor fails to appoint such a substitute process agent within a reasonable period, the Collateral Agent shall be entitled to appoint a substitute process agent for the Chargor as applicable.
- (d) The Chargor agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings.

IN WITNESS of which this Deed has been duly executed by the Chargor as a deed and duly executed by the Collateral Agent and has been delivered on the first date specified on page 1 of this Deed by the Chargor.

SCHEDULE 1 Details of Security Assets

Part A Real Property

Registered land				
Chargor	Address	Administrative area		Title number
[●]	[●]	[●]		[●]
Unregistered land				
Chargor	Address	Document describing the Real Property		
		Date	Document	Parties
[●]	[●]	[●] 20[●]	[●]	[●]

Part B Charged Securities

Chargor	Name of company in which shares are held	Class of shares held	Number of shares held	Issued share capital
[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]

Part C Charged Accounts

Account Holder	Account Number	Account Bank	Account bank branch address and sort code
[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]

Part D Intellectual Property

Part D1 Trade marks				
Proprietor/ADP number	TM number	Jurisdiction/apparent status	Classes	Mark text
[•]	[•]	[•]	[•]	[•]

Part D1 Trade marks				
Proprietor/ADP number	TM number	Jurisdiction/ apparent status	Classes	Mark text
[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]

Part D2 Patents		
Proprietor/ADP number	Patent number	Description
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]

Part E Relevant Contracts

Chargor	Date of Relevant Contract	Parties	Details of Relevant Contract
[•]	[•] 20[•]	[•]	[•]
[•]	[•] 20[•]	[•]	[•]
[•]	[•] 20[•]	[•]	[•]

Part F Insurances

Chargor	Insurer	Policy number
[•]	[•]	[•]
[•]	[•]	[•]

SCHEDULE 2 Form of notice to and acknowledgement from Account Bank

Part A Form of notice of charge to Account Bank

To: [insert name and address of Account Bank]

Dated: [●] 20[●]

Dear Sirs

We hereby give notice that, by a debenture dated [●] 20[●] (the “**Debenture**”) we have charged to [●] (the “**Collateral Agent**”) as Collateral Agent for certain financial institutions and others (as referred to in the Debenture) all our present and future right, title and interest in and to the following accounts in our name with you, all monies from time to time standing to the credit of those accounts and all interest from time to time accrued or accruing on those accounts, any investment made out of any such monies or account and all rights to repayment of any of the foregoing by you:

[Insert details of accounts] (together, the “**Accounts**”).

We hereby irrevocably instruct and authorise you:

1. to credit to each Account all interest from time to time earned on the sums of money held in that Account;
2. to disclose to the Collateral Agent, without any reference to or further authority from us and without any liability or inquiry by you as to the justification for such disclosure, such information relating to the Accounts and the sums in each Account as the Collateral Agent may, at any time and from time to time, request you to disclose to it;
3. to hold all sums from time to time standing to the credit of each Account in our name with you to the order of the Collateral Agent;
4. to pay or release all or any part of the sums from time to time standing to the credit of each Account in our name with you in accordance with the written instructions of the Collateral Agent at any time and from time to time; and
5. to comply with the terms of any written notice or instructions in any way relating to the Accounts or the sums standing to the credit of any Account from time to time which you may receive at any time from the Collateral Agent without any reference to or further authority from us and without any liability or inquiry by you as to the justification for or validity of such notice or instructions.

By countersigning this notice, the Collateral Agent confirms that we may make withdrawals from the Accounts until such time as the Collateral Agent shall notify you in writing that its rights have become enforceable in accordance with the terms of the Debenture and that its permission is withdrawn, whereupon we will not be permitted to withdraw any amounts from any Account without the prior written consent of the Collateral Agent.

These instructions cannot be revoked or varied without the prior written consent of the Collateral Agent.

This notice, any acknowledgement in connection with it shall be governed by Hong Kong law.

Please confirm your acceptance of the above instructions by returning the attached acknowledgement to the Collateral Agent with a copy to ourselves.

Yours faithfully

By _____
For and on behalf of
[***The Chargor***]

By _____
For and on behalf of
[***The Collateral Agent***]

Part B Form of acknowledgement from Account Bank

To: [insert name and address of the Chargor and the Collateral Agent]

Dated: [●] 20[●]

Dear Sirs

We confirm receipt of a notice dated [●] 20[●] (the “**Notice**”) from [the Chargor] (the “**Company**”) of a charge upon the terms of a Debenture dated [●] 20[●], over all the Company’s present and future right, title and interest in and to the following accounts with us in the name of the Company together with all monies standing to the credit of those accounts and all interest from time to time accrued or accruing on those accounts, any investment made out of any such monies or account and all rights of repayment of any of the foregoing by us:

[●] (together, the “**Accounts**”).

We confirm that:

1. we accept the instructions and authorisation contained in the Notice and undertake to comply with its terms;
2. we have not received notice of the interest of any third party in any Account or in the sums of money held in any Account or the debts represented by those sums and we will notify you promptly should we receive notice of any third party interest;
3. we have not claimed or exercised, nor will we claim or exercise, any Security or right of set-off or combination or counterclaim or other right in respect of any Account, the sums of money held in any Account or the debts represented by those sums;
4. until you notify us in writing that withdrawals are prohibited, the Company may make withdrawals from the Accounts; upon receipt of such notice we will not permit any amount to be withdrawn from any Account except against the signature of one of your authorised signatories; and
5. we will not seek to modify, vary or amend the terms upon which sums are deposited in the Accounts without your prior written consent.

This letter shall be governed by Hong Kong law.

Yours faithfully

By _____
For and on behalf of
[**third party bank**]

SCHEDULE 3 Form of notice to and acknowledgement by party to Relevant Contract

To: *[Insert name and address of relevant party]*

Copy to: *[The Collateral Agent]*

Dated: [●] 20[●]

Dear Sirs

RE: [DESCRIBE RELEVANT CONTRACT] DATED [●] 20[●] BETWEEN (1) YOU AND (2) [●] THE “CHARGOR”

1. We give notice that, by a debenture dated [●] 20[●] (the “**Debenture**”), we have assigned to [●] (the “**Collateral Agent**”) as Collateral Agent for certain financial institutions and others (as referred to in the Debenture) all our present and future right, title and interest in and to *[insert details of Relevant Contract]* (together with any other agreement supplementing or amending the same, the “**Agreement**”) including all rights and remedies in connection with the Agreement and all proceeds and claims arising from the Agreement.
2. We irrevocably authorise and instruct you from time to time:
 - (a) to disclose to the Collateral Agent at our expense (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure), such information relating to the Agreement as the Collateral Agent may from time to time request;
 - (b) following written notice to you from the Collateral Agent confirming that an Event of Default has occurred, to hold all sums from time to time due and payable by you to us under the Agreement to the order of the Collateral Agent;
 - (c) following written notice to you from the Collateral Agent confirming that an Event of Default has occurred, to pay or release all or any part of the sums from time to time due and payable by you to us under the Agreement only in accordance with the written instructions given to you by the Collateral Agent from time to time;
 - (d) to comply with any written notice or instructions in any way relating to, or purporting to relate to, the Debenture or the Agreement or the debts represented thereby which you receive at any time from the Collateral Agent without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction; and
 - (e) to send copies of all notices and other information given or received under the Agreement to the Collateral Agent.
3. You may continue to deal with us in relation to the Agreement until you receive written notice from the Collateral Agent that an Event of Default has occurred. Thereafter we will cease to have any right to deal with you in relation to the Agreement and therefore from that time you should deal only with the Collateral Agent.
4. Following the occurrence of an Event of Default we are not permitted to receive from you, otherwise than through the Collateral Agent, any amount in respect of or on account of the sums payable to us from time to time under the Agreement.

5. We are not permitted to agree any amendment or supplement to, or waive any obligation under, the Agreement without the prior written consent of the Collateral Agent.
6. This notice may only be revoked or amended with the prior written consent of the Collateral Agent.
7. Please confirm by completing the enclosed copy of this notice and returning it to the Collateral Agent (with a copy to us) that you agree to the above and that:
 - (a) you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
 - (b) you have not, at the date this notice is returned to the Collateral Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Agreement or any proceeds of it and you will notify the Collateral Agent promptly if you should do so in future;
 - (c) following written notice to you from the Collateral Agent confirming that an Event of Default has occurred you will not permit any sums to be paid to us or any other person (other than the Collateral Agent) under or pursuant to the Agreement without the prior written consent of the Collateral Agent;
 - (d) you will notify the Collateral Agent of any intention to exercise any right to terminate or amend the Agreement; and
 - (e) you will not take any action to amend or supplement the Agreement without the prior written consent of the Collateral Agent.
8. This notice, and any acknowledgement in connection with it shall be governed by Hong Kong law.

Yours faithfully

for and on behalf of
[*The Chargor*]

[*On copy*]

To: [•]
as Collateral Agent
[*ADDRESS*]

Copy to: [*NAME OF CHARGOR*]

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in paragraph [6] of the above notice.

for and on behalf of
[•]

Dated: [•] 20[•]

SCHEDULE 4 Form of notice to and acknowledgement by insurers

To: [Insert name and address of insurer]

Copy to: [**The Collateral Agent**]

Dated: [●] 20[●]

Dear Sirs

[●] (THE “CHARGOR”)

1. We give notice that, by a debenture dated [●] 20[●] (the “**Debenture**”), we have assigned to [●] (the “**Collateral Agent**”) as Collateral Agent for certain financial institutions and others (as referred to in the Debenture) all our present and future right, title and interest in and to the policies listed in the schedule to this notice (together with any other agreement supplementing or amending the same, the “**Policies**”) including all rights and remedies in connection with the Policies and all proceeds and claims arising from the Policies.
2. We irrevocably authorise and instruct you from time to time:
 - (a) to disclose to the Collateral Agent at our expense (without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure) such information relating to the Policies as the Collateral Agent may from time to time request;
 - (b) following written notice to you from the Collateral Agent confirming that an Event of Default has occurred, to hold all sums from time to time due and payable by you to us under the Policies to the order of the Collateral Agent;
 - (c) following written notice to you from the Collateral Agent confirming that an Event of Default has occurred, to pay or release all or any part of the sums from time to time due and payable by you to us under the Policies only in accordance with the written instructions given to you by the Collateral Agent from time to time;
 - (d) to comply with any written notice or instructions in any way relating to (or purporting to relate to) the Debenture, the sums payable to us from time to time under the Policies or the debts represented by them which you may receive from the Collateral Agent (without any reference to or further authority from us and without any enquiry by you as to the justification for or validity of such notice or instruction); and
 - (e) to send copies of all notices and other information given or received under the Policies to the Collateral Agent.
3. We irrevocably instruct you, with effect from the date of this notice, to note on the relevant Policies the Collateral Agent’s interest as loss payee and as first priority assignee of the Policies and the rights, remedies, proceeds and claims referred to above.
4. You may continue to deal with the Chargor in relation to the Policies until you receive written notice from the Collateral Agent that an Event of Default has occurred. Thereafter we will cease to have any right to deal with you in relation to the Policies and therefore from that time you should deal only with the Collateral Agent.

5. Following the occurrence of an Event of Default we are not permitted to receive from you, otherwise than through the Collateral Agent, any amount in respect of or on account of the sums payable to us from time to time under the Policies.
6. This notice may only be revoked or amended with the prior written consent of the Collateral Agent.
7. Please confirm by completing the enclosed copy of this notice and returning it to the Collateral Agent (with a copy to us) that you agree to the above and that:
 - (a) you accept the instructions and authorisations contained in this notice and you undertake to comply with this notice;
 - (b) you have not, at the date this notice is returned to the Collateral Agent, received notice of the assignment or charge, the grant of any security or the existence of any other interest of any third party in or to the Policies or any proceeds of them or any breach of the terms of any Policy and you will notify the Collateral Agent promptly if you should do so in future;
 - (c) following written notice to you from the Collateral Agent confirming that an Event of Default has occurred, you will not permit any sums to be paid to us or any other person under or pursuant to the Policies without the prior written consent of the Collateral Agent; and
 - (d) you will not exercise any right to terminate or cancel the Policies without giving the Collateral Agent not less than 14 days prior written notice.
8. This notice, and any acknowledgement in connection with it, shall be governed by Hong Kong law.

Yours faithfully

for and on behalf of
[***The Chargor***]

Schedule The Policies

[On copy]

To: [●]
as Collateral Agent
[ADDRESS]

Copy to: [NAME OF CHARGOR]

Dear Sirs

We acknowledge receipt of the above notice and consent and agree to its terms. We confirm and agree to the matters set out in paragraph [7] in the above notice. We have noted the Collateral Agent's interest as first chargee/loss payee on the Policies.

for and on behalf of
[●]

Dated: [●] 20[●]

EXECUTION PAGES

THE CHARGOR

EXECUTED and **DELIVERED** as a deed by)
KNIGHT CASTLE INVESTMENTS)
LIMITED 爵堡投資有限公司 acting by:)

Director

Witness signature

Witness name:

Witness address:

Address: [●]

Facsimile No: [●]

Attention: [●]

THE COLLATERAL AGENT

Signed by _____ for and on)
behalf of **MADISON PACIFIC TRUST**)
LIMITED:

Signature _____

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Facsimile No: +852 25999501

Attention: Cassandra Ho