

August 7, 2018

HOSPITAL CORPORATION OF CHINA LIMITED
(弘和仁愛醫療集團有限公司)

CONVERTIBLE BOND INSTRUMENT

**constituting HK\$773,879,717 convertible bonds due
2023 convertible into shares of Hospital Corporation
of China Limited**

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THIS INSTRUMENT is made by way of deed on August 7, 2018 by Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司) (the *Issuer*) whose registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

WHEREAS:

The Issuer has in accordance with its Memorandum and Articles of Association and by a resolution of its independent Shareholders passed on July 10, 2018 resolved to create and issue the convertible bonds constituted as provided below.

NOW THIS INSTRUMENT WITNESSES AND THE ISSUER DECLARES as follows:

1. INTERPRETATION

1.1 The following expressions have the following meanings:

Affiliate(s) means, in respect of any person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such person.

Alternative Stock Exchange means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

Bond Certificate has the meaning given to it in Condition 4.1;

Bondholders, and (in relation to a Bond) *holder* means the person in whose name a Bond is registered in the Register of Bondholders;

Bonds means the HK\$773,879,717 in aggregate principal amount of convertible bonds due 2023, which are convertible into Shares in accordance with the terms of this Instrument;

Business Day means a day other than a Saturday and Sunday and a day on which a tropical cyclone warning number 8 or above or a "blackstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on which commercial banks are open for business in Hong Kong and the PRC and, in the case of a surrender of a Bond Certificate, in the place where the Bond Certificate is surrendered;

Capital Distribution means any distribution of assets in specie charged or provided or to be provided for in the financial statements of the Issuer for any financial period (whenever paid or made and however described) but excluding a cash Dividend and a distribution of assets in specie in lieu of a cash Dividend (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid-up (other than Shares credited as fully paid) by way of capitalisation of reserves), PROVIDED THAT:

- (a) a purchase or redemption of Shares by or on behalf of the Issuer shall not constitute a Capital Distribution or be taken into account in determining whether any other Dividend or distribution shall constitute a Capital Distribution unless in the case of purchases of Shares by the Issuer, the average price per Share (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. the Current Market Price per Share either: (1) on that date; or (2) where an announcement has been made (excluding, for the avoidance of doubt, any general authority for such purchases given by a Shareholders' meeting of the Issuer, or any notice convening

such meeting) of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement in which case such purchase shall be deemed to constitute a Capital Distribution in the amount of the aggregate price paid (before expenses) in respect of such Shares purchased by the Issuer; and

- (b) in making any such calculation under this definition, such adjustments (if any) shall be made as one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders, may consider appropriate to reflect: (1) any consolidation or subdivision of the Shares; (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event; or (3) the modification of any rights to Dividends of Shares;

Closed Period has the meaning given to it in Condition 5.5;

Closing Price for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;

Conversion Date has the meaning given to it in Condition 7.2(a)(ii);

Conversion Notice has the meaning given to it in Condition 7.2(a)(i);

Conversion Period has the meaning given to it in Condition 7.1(a);

Conversion Price means the price per Share at which Shares will be issued upon exercise of the Conversion Rights, such price being HK\$20 per Share, subject to adjustments in accordance with the terms of this Instrument;

Conversion Ratio has the meaning given to it in Condition 7.1(d);

Conversion Right has the meaning given to it in Condition 7.1(a);

Current Market Price means, in respect of a Share at a particular time on a particular date, the average of the volume-weighted average price (**VWAP**) quoted by the Hong Kong Stock Exchange or, as the case may be, by the Alternative Stock Exchange for one Share (being a Share carrying full entitlement to Dividend) for the five consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said five Trading Day period, the Shares shall have been quoted ex-Dividend and during some other part of that period the Shares shall have been quoted cum-Dividend then:

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

PROVIDED THAT:

- (i) if the Shares on each of the said five Trading Days have been quoted cum-Dividend in respect of a Dividend which has been declared or announced but the Shares to be issued do not rank for that Dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; and
- (ii) if:
 - (A) the VWAP is not available on each of the five Trading Days during the Relevant Period, then the arithmetic average of such VWAP which is available in the Relevant Period shall be used (subject to a minimum of two such VWAP); and
 - (B) only one or no such VWAP is available in the Relevant Period, then the Current Market Price shall be determined in good faith by one independent investment bank of international repute (acting as expert) appointed by the Issuer and approved by an Ordinary Resolution of the Bondholders;

Delisting has the meaning given to it in Condition 10.2(a);

Delisting Put Date has the meaning given to it in Condition 10.2(a);

Delisting Put Notice has the meaning given to it in Condition 10.2(d);

Delisting Put Price has the meaning given to it in Condition 10.2(a);

Delisting Put Exercise Notice has the meaning given to it in Condition 10.2(b);

Delisting Put Right has the meaning given to it in Condition 10.2(a);

Designated Office means the Issuer's principal place of business in Hong Kong, Suite 2701, One Exchange Square, Central, Hong Kong, as may be changed from time to time in accordance with Condition 5.1;

Dividend means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of Shares or other securities credited as fully or partly paid-up) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Shares be, satisfied by the issue or delivery of Shares or other property or assets, then, the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of: (a) the cash Dividend so announced; and (b) the Current Market Price on the date of announcement of such Dividend of such Shares or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Shares elected therefor, regardless of whether any such election is made); and
- (b) any issue of Shares falling within Condition 7.3(b) shall be disregarded;

Exercise Date means the date following six months from the Issue Date;

Fair Market Value means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders; provided that: (i) the fair market value of a cash Dividend paid or to be paid per Share shall be the amount of such cash Dividend per Share determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment banks) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day on which such options, warrants or other rights are publicly traded;

Group means the Issuer and its Subsidiaries from time to time and “members of the Group” shall be construed accordingly;

HK Dollar, Hong Kong Dollar and HK\$ means the legal currency of Hong Kong;

Hong Kong means the Hong Kong Special Administrative Region of the People’s Republic of China;

Hong Kong Stock Exchange means The Stock Exchange of Hong Kong Limited;

Issue Date means, in respect of any Bond, the date of issue of such Bond;

Listing Rules means the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange in force from time to time;

Material Adverse Effect means, any event or circumstance or any combination of them which is materially adverse to the business, operations, assets, liabilities (including contingent liabilities), business or financial condition, results or prospects of the Group taken as a whole and/or any member of the Group individually, or the ability of the Issuer to perform its obligations under this Instrument or the SPA;

Maturity Date means August 7, 2023, being the date falling on the fifth (5th) anniversary of the Issue Date, and if that is not a Business Day, the Business Day immediately following the date falling on the fifth (5th) anniversary of the Issue Date;

Memorandum and Articles of Association means the memorandum and articles of association of the Issuer adopted, as amended from time to time;

Merger has the meaning given to it in Condition 6.1;

normal office hours means 9 a.m. to 5 p.m. on a Business Day;

Ordinary Resolution has the meaning given to it in paragraph 19 of Schedule 4;

Outstanding Bonds refers to all the Bonds issued other than:

- (a) those which have been redeemed or in respect of which Conversion Rights have been exercised and which have been cancelled in accordance with these Conditions;

- (b) those in respect of which the date for redemption in accordance with these Conditions has occurred and the redemption moneys have been duly paid to the relevant Bondholders or on their behalf;
- (c) those mutilated or defaced Bonds which have been surrendered in exchange for replacement Bonds pursuant to Condition 14; or
- (d) (for the purpose only of determining how many Bonds are outstanding and without prejudice to their status for any other purpose) those Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Bonds have been issued pursuant to Condition 14;

PRC means the People's Republic of China (for the purpose of this Instrument, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);

Principal Amount means in respect of a Bond, the principal amount thereof, expressed in Hong Kong dollar;

Principal Subsidiary has the meaning given to it in Condition 6.4;

Public Float has the meaning given to it in Condition 7.1(f)(i);

Register of Bondholders has the meaning given to it in Condition 5.1;

Registered Account has the meaning given to it in Condition 9.1;

Registration Date has the meaning given to it in Condition 7.2(c)(iii);

Relevant Period means the period beginning on the 30th Trading Day prior to, and ending on, the Trading Day immediately preceding the date of declaration of a Dividend or a distribution in respect of a relevant financial year, which when aggregated with any other Dividends or distributions declared or made in respect of that financial year, causes an adjustment to the Conversion Price pursuant to Condition 7.3(c) or 7.3(d);

RMB means Renminbi, the legal currency of the PRC;

Shares means ordinary shares with a par value of HK\$0.001 each in the capital of the Issuer (which include ordinary shares of the Issuer listed on the Hong Kong Stock Exchange) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

Shareholders means the holders of Shares;

SPA has the meaning given to it in Condition 2;

Special Resolution has the meaning given to it in paragraph 18 of Schedule 4;

Subsidiary includes, in relation to any person: (i) any company or business entity of which that person owns or controls (either directly or through one or more other subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity; (ii) any company or business entity of which that person owns or controls (either directly or through

one or more other subsidiaries) not more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity but effectively controls (either directly or through one or more other Subsidiaries) the management or the direction of business operations of such company or business entity; and (iii) any company or business entity which at any time has its accounts consolidated with those of that person or which, under Hong Kong law or any other applicable law, regulations or the Hong Kong Financial Reporting Standards or such other applicable generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person; and

Takeovers Code means the Hong Kong Codes of Takeovers and Mergers and Share Buy-Backs;

Target means Oriental Ally Holdings Limited;

Trading Day means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no VWAP or Closing Price, as the case may be, is reported in respect of the relevant Shares on the Hong Kong Stock Exchange or, as the case may be, the Alternative Stock Exchange, for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days;

Unconverted Bonds has the meaning given to it in Condition 7.1(f)(ii); and

VWAP has the meaning given to it in the definition of Current Market Price.

1.2 Headings used in this Instrument are for ease of reference only and shall be ignored in interpreting this Instrument.

1.3 References to Conditions and Schedules are references to Conditions and Schedules of or to this Instrument.

1.4 Words and expressions in the singular include the plural and vice versa and words and expressions importing one gender include every gender.

1.5 Reference to person includes any public body and any body of persons, corporate or unincorporate.

1.6 References to any ordinance, statute, legislation or enactment shall be construed as a reference to such ordinance, statute, legislation or enactment as may be amended or re-enacted from time to time and for the time being in force.

1.7 References in this Instrument to principal, premium and other payments payable by the Issuer shall be deemed also to refer to any additional amounts which may be payable under Condition 11 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to this Instrument.

2. AMOUNT AND ISSUE OF BONDS; NO INTEREST

The Issuer hereby constitutes the Bonds, in aggregate principal amount of HK\$773,879,717, which shall be issued pursuant to a share purchase agreement relating to the sale and purchase of shares in the Target dated May 29, 2018 between the Issuer and Hony Capital Fund VIII

(Cayman), L.P. (as varied, amended, modified or supplemented from time to time, the *SPA*). The Bonds do not bear any interest.

3. STATUS

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 6) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and subject to Condition 6, at all times rank at least equally with all of the Issuer's other present and future direct, unsubordinated, unconditional and unsecured obligations. No application will be made for a listing of the Bonds.

4. FORM, DENOMINATION AND TITLE

4.1 Form and Denomination

The Bonds are issued in registered form in the denomination of HK\$1 each provided that in no event shall any Bonds be transferred, exchanged, converted or purchased in an aggregate principal amount that is less than HK\$1.00. A bond certificate in the form set out in Schedule 1 (each a *Bond Certificate*) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the Register of Bondholders which the Issuer will keep.

4.2 Title

Title to the Bonds passes only by transfer and registration in the Register of Bondholders as described in Condition 5. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Bond Certificate issued in respect of it (other than the endorsed form of transfer)) and no person will be liable for so treating the holder.

5. TRANSFERS OF BONDS; ISSUE OF BOND CERTIFICATES

5.1 Register of Bondholders

The Issuer will cause to be kept at its registered office a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the *Register of Bondholders*). Each Bondholder shall be entitled to receive only one Bond Certificate in respect of its entire holding. Any change in the Designated Office shall be notified to the Bondholders in accordance with Condition 16.

5.2 Transfers

- (a) Subject to this Condition and Condition 5.5, a Bond may be transferred or exchanged at any time by delivery of the Bond Certificate issued in respect of that Bond, with the endorsed form of transfer (in the form set out in Schedule 2 to these Conditions) duly completed and signed by the registered Bondholder or his attorney duly authorised in writing, to the Issuer at the Designated Office together with such evidence as the Issuer may reasonably require to prove the authority of the

individuals who have executed the form of transfer. No transfer of title to a Bond will be valid unless and until entered on the Register of Bondholders.

- (b) The Convertible Bonds shall be assigned or transferred with the prior written consent of the Issuer (acting in its sole and absolute discretion) save where such transfer is made to an Affiliate of the Subscriber. Any transfer of the Convertible Bonds shall be made in compliance with all applicable requirements under the Listing Rules, the Takeovers Code and all applicable laws and regulations.

5.3 **Delivery of New Bond Certificates**

- (a) Each new Bond Certificate to be issued upon a transfer, exchange or conversion of Bonds shall, within five Business Days of receipt by the Issuer of the endorsed form of transfer duly completed and signed (or, in the event of a conversion, the original Bond Certificate), be made available for collection at the Designated Office or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder) to the address specified in the form of transfer.
- (b) Where only part of the Principal Amount of the Bonds in respect of which a Bond Certificate is issued is to be transferred, exchanged or converted, a new Bond Certificate in respect of the Bonds not so transferred, exchanged or converted will, within five Business Days of delivery of the original Bond Certificate to the Issuer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds not so transferred, exchanged or converted (but free of charge to the holder) to the address of such holder appearing on the Register of Bondholders.

5.4 **Formalities Free of Charge**

Registration of a transfer of Bonds will be effected without charge by or on behalf of the Issuer, but only upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

5.5 **Closed Periods**

No Bondholder may require the transfer of a Bond to be registered: (i) after a Conversion Notice has been delivered with respect to a Bond; (ii) after a Delisting Put Exercise Notice has been deposited in respect of such a Bond; or (iii) after a Bond has otherwise been called or put for redemption in accordance with its terms, each such period being a ***Closed Period***.

6. **GENERAL COVENANTS**

6.1 So long as there are Outstanding Bonds, the Issuer will not, and will procure that its Principal Subsidiaries will not, consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation (not being part of the Group) or convey or transfer its properties and assets substantially as an entirety to any person (not being part of the Group) (the consummation of any such event, a ***Merger***), unless:

- (a) the Issuer has notified the holders of the Bonds of such event in accordance with Condition 16;
- (b) the corporation formed by such Merger or the person that acquires such properties and assets shall expressly assume all obligations of the Issuer under the Bonds and the

performance of every covenant and agreement applicable to it contained therein and herein; and

- (c) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each Bondholder against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and premium on the Bonds.

6.2 So long as there are outstanding Bonds, the Issuer shall:

- (a) comply with the financial reporting requirements under applicable laws, regulations and the Listing Rules, including but not limited to publication of its financial results in a timely manner as required under the Listing Rules; and
- (b) obtain and promptly renew from time to time, and make available for inspection by the Bondholders or their authorised representatives during normal business hours of, all such authorizations, approvals, consents, licences, exemptions as may be required under any applicable law or regulation to enable it to perform its obligations under the Bonds or required for the validity or enforceability of the Bonds.

6.3 The Issuer shall supply to the Bondholders with each set of consolidated financial statements published by the Issuer from time to time.

6.4 For the purposes of this Condition 6, **Principal Subsidiary** means any Subsidiary:

- (a) whose revenues or (in the case of a Subsidiary which itself has Subsidiaries), consolidated revenues, are at least ten per cent. of the consolidated revenues of the Issuer and its Subsidiaries; or
- (b) whose gross assets, or (in the case of a Subsidiary which itself has Subsidiaries) gross consolidated assets, exceed ten per cent. of the consolidated gross assets of the Issuer and its Subsidiaries; or
- (c) whose profits or (in the case of a Subsidiary which itself has Subsidiaries), consolidated profits before taxation and extraordinary items exceed 10 per cent. of the consolidated profits before taxation and extraordinary items of the Issuer and its Subsidiaries,

in each case as based on the then latest audited accounts (consolidated where appropriate) of the relevant Subsidiary and the then most recent audited consolidated accounts of the Issuer, provided that, in relation to paragraphs (a) to (c) above:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, gross assets of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer and reviewed by the auditors of the Issuer;
 - (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer and reviewed by the auditors of the Issuer; and
 - (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary of the Issuer shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; and
- (d) to which is transferred the whole, or substantially the whole, of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary of the Issuer, provided that the Principal Subsidiary of the Issuer which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary of the Issuer and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary of the Issuer at the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared such transfer are issued, unless such Subsidiary would continue to be a Principal Subsidiary of the Issuer on the basis of such accounts by virtue of the provisions of paragraph Condition 6.4(a), 6.4(b) or 6.4(c) above.

A report by the auditors of the Issuer that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Issuer shall, in the absence of manifest error, be conclusive and binding on all parties.

7. CONVERSION

7.1 Conversion Right

- (a) *Conversion Period*: Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period. The right of a Bondholder to convert any Bond into Shares is called the ***Conversion Right***. Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the Exercise Date up to the close of business (at the place where the Bond Certificate evidencing such Bond is deposited for conversion) on Maturity Date (but, except as provided in Condition 7.1(e), in no event thereafter) or if such Bond shall have been called or put for redemption at any time on or after the Issue Date, then up to the close of business (at the place aforesaid) on a date no later than five Business Days (at the place aforesaid) prior to the date fixed for redemption thereof (the ***Conversion Period***).
- (b) Number of Shares issuable on Conversion

The number of the Shares to be issued on conversion of a Bond will be determined by the following formula:

$$S = \frac{B}{P}$$

where

S is the number of the Shares issuable upon conversion (to be rounded down to the nearest whole number of Shares where applicable);

B is the amount of the Bond to be converted;

P is the Conversion Price applicable at the time of conversion;

- (c) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that the Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate Principal Amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay to the relevant Bondholder in cash (in HK dollars) of a sum equal to such portion of the Principal Amount of the Bond or Bonds evidenced by the Bond Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 7.1(d), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100.00. Any such sum shall be due and payable on the date the Shares are delivered pursuant to Condition 7.2(c).
- (d) *Conversion Price and Conversion Ratio*: The number of Shares to be issued on conversion of a Bond will be determined by dividing the Principal Amount of the Bond to be converted by the Conversion Price in effect at the Conversion Date (the **Conversion Ratio**). If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate Principal Amount of the Bonds to be converted.
- (e) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 7.1(a), if: (i) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof; or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 10.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business at the Designated Office on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Bondholders and, notwithstanding the provisions of Condition 7.1(a), any Bond in respect of which the Bond Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by

the Bondholders before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

(f) *Restriction on Conversion:*

- (i) The total issued share capital of the Issuer held by the public (the **Public Float**) must at all times comply with the requirements of Rule 8.08 of the Listing Rule (or any successor rule thereto).
- (ii) In the event that the conversion at the then applicable Conversion Price of any Bonds surrendered for conversion would cause the Public Float of the Issuer immediately following such conversion to fall below the minimum percentage prescribed or otherwise permitted under Rule 8.08 of the Listing Rules (or any successor rule thereto), the Issuer has the right to reduce aggregate Principal Amount of the Bonds to be converted by such amount as is necessary for the Public Float of the Issuer immediately following such conversion to comply with Rule 8.08 of the Listing Rules (or any successor rule thereto) (**Unconverted Bonds**) and delay issue and delivery of such Shares to be issuable upon the conversion of the Unconverted Bonds to the holder(s) of the Unconverted Bonds by notifying such holders in writing within two (2) Business Days upon receipt of the applicable Conversion Notice.

7.2 **Conversion Procedure**

(a) *Conversion Notice:*

- (i) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal office hours at the Designated Office a notice of conversion (a **Conversion Notice**) in duplicate in the form set out in Schedule 3 to this Instrument, together with the relevant Bond Certificate. A Conversion Notice deposited outside the normal office hours or on a day which is not a Business Day at the place of the Designated Office shall for all purposes be deemed to have been deposited with the Issuer during the normal office hours on the next Business Day following such day. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.
 - (ii) The conversion date in respect of a Bond (the **Conversion Date**) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 7.1(e) above) and will be deemed to be the Trading Day immediately following the date of the surrender of the Bond Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right.
- (b) *Stamp Duty etc.:* A Bondholder delivering a Bond Certificate in respect of a Bond for conversion must pay: (i) any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in Hong Kong, and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong

Kong Stock Exchange or Alternative Stock Exchange on conversion) (the **Taxes**); and (ii) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion, in each case directly to the relevant authorities. The Issuer is under no obligation to determine whether a Bondholder is liable to pay any Taxes under this Condition 7.2 and shall not be liable for any failure of a Bondholder to make such payment.

(c) **Registration:**

- (i) As soon as practicable, and in any event not later than five Trading Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Bond Certificate and amounts payable by the relevant Bondholder deposited or paid as required by Conditions 7.2(a) and 7.2(b), register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will cause its Hong Kong share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by uninsured ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.
- (ii) If the Conversion Date in relation to any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 7.3, but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws and regulations)), such additional number of Shares as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately after the relevant record date (as calculated by the Issuer in accordance with these Conditions).
- (iii) The person or persons designated in the Conversion Notice will become the holder(s) of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the **Registration Date**). The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

7.3 **Adjustments to Conversion Price**

The Conversion Price will be subject to adjustment in the following events:

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

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

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) *Capitalisation of Profits or Reserves*: If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash Dividend (the **Relevant Cash Dividend**), being a Dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (a **Script Dividend**), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

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

- (c) *Capital Distribution*: If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Conversion Price falls to be adjusted under Condition 7.3(b) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

- (d) *Dividends:* If and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Dividend by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Dividend is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the cash distribution attributable to one Share.

Such adjustment shall become effective on the date that such Dividend is paid.

- (e) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

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

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (f) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Conversion Price shall be adjusted by multiplying the

Conversion Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (g) *Modification of Rights of Conversion etc:* If and whenever there is any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities arising from a conversion or exchange of other existing securities above (other than in accordance with the existing terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange, subscription or purchase price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription or purchase price or rate but giving credit in such manner as one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders, consider appropriate (if at all) for any previous adjustment under this Condition 7.3(g) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

- (h) *Other Offers to Shareholders:* If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 50 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 7.3(e) or (f) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (i) *Other Events:* If either: (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to, and as provided in, the existing terms and conditions of such options, rights, warrants or securities); or (ii) the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in any other provisions of this Condition 7.3 which in either case have or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options, rights and warrants relating thereto) of the Issuer, taken as a class, which is analogous to any of the events referred to in Conditions 7.3(a) to (h) (including any demerger, spin-off or similar arrangement in respect of any business of the Issuer and its Subsidiaries), then, in any such case, the Issuer shall at its own expense request one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination *provided that* where the circumstances giving rise to any adjustment pursuant to this Condition 7.3 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an

adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 7.3 as may be advised by one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders, to be in their opinion appropriate to give the intended result.

7.4 All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of the investment banks appointed under these Conditions shall be borne by the Issuer.

7.5 On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest four decimal places of one Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down, if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Bondholders (in accordance with Condition 16) as soon as practicable after the determination thereof.

7.6 The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by the Listing Rules and applicable laws and regulations then in force in Hong Kong.

7.7 Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by one leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Bondholders, to be in their opinion appropriate in order to give such intended result.

7.8 No adjustment shall be made to the Conversion Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees, former employees, contractors or former contractors (including directors holding or formerly holding executive office) of the Issuer or any Subsidiary, pursuant to any share option scheme or plan that is duly adopted by the Issuer in accordance with the Listing Rules.

7.9 No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 7.3(a) above or to correct a manifest error.

7.10 Notwithstanding anything said in these Conditions, the Issuer is not obliged to adjust the Conversion Price or issue Shares in satisfaction of the Conversion Rights in breach of its obligations under the Listing Rules (including but not limited to the minimum public float requirement under the Listing Rules) or the Takeovers Code.

8. UNDERTAKINGS

8.1 The Issuer undertakes, inter alia, that so long as there are any Outstanding Bonds save with the approval of an Ordinary Resolution of the Bondholders or it is being considered by the board of directors of the Issuer that such action is in the ordinary course of business of the Group, it shall (and, where applicable, shall procure that its Subsidiaries shall):

- (a) continue to be primarily engaged in the core business in which it is engaged as at the date hereof;
- (b) use all reasonable endeavours: (i) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange; (ii) to obtain and maintain a listing for all the Shares issued and issuable on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange; (iii) if the Issuer is unable to maintain or obtain such listing, to obtain and maintain a listing for all the Shares issued and issuable on the exercise of the Conversion Rights on an Alternative Stock Exchange as the Issuer with the approval by an Ordinary Resolution of the Bondholders may from time to time determine and will forthwith give notice to the Bondholders (in accordance with Condition 16) of the listing or delisting of the Shares (as a class) by any of such stock exchanges; and (iv) to meet the requirement of Public Float under Rule 8.08 of the Listing Rules;
- (c) keep sufficient authorised share capital to satisfy the issue of such number of Shares as would be required to be issued on conversion of the Outstanding Bonds;
- (d) pay the expenses of the issue of, and all expenses for obtaining and maintaining a listing for, the Shares issued and issuable upon conversion of the Bonds;
- (e) not make any reduction of its ordinary share capital or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);
- (f) comply in all material respects with (i) the applicable rules, regulations and requirements of the Hong Kong Stock Exchange (including the Listing Rules) or the Alternative Stock Exchange (if applicable); (ii) the Foreign Corrupt Practices Act 1977, as amended, or any other law relating to anti-corruption legislation applicable to the Group; and (iii) all other laws applicable to the Group and its operations, except in the case of this sub-clause (iii), for such non-compliance as would not have a material adverse effect on the Group, taken as a whole;
- (g) reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on conversion of the Bonds from time to time and will ensure that all Shares issued upon conversion of the Bonds will be duly and validly issued as fully-paid; and
- (h) not make any offer, issue or distribution or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

8.2 Notice of Change in Conversion Price

The Issuer shall give notice to the Hong Kong Stock Exchange (or, as the case may be, the Alternative Stock Exchange) and the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

9. PAYMENTS

9.1 Principal and Premium

- (a) Payment of principal, premium, default interest and all other amounts payable under these Conditions, will be made by transfer to the Registered Account of the relevant Bondholder or by HK\$ cheque drawn on a bank in Hong Kong mailed to the Registered Address of the relevant Bondholder if it does not have a Registered Account. Payment of principal and premium will only be made after surrender of the relevant Bond Certificate at the Designated Office.
- (b) When making payments to Bondholders, fractions of one HK dollar cent will be rounded down to the nearest HK dollar cent.

9.2 Registered Accounts

For the purposes of this Condition 9, a Bondholder's registered account means the HK\$ account maintained by or on behalf of it with a bank in Hong Kong (or such other HK\$ account as the relevant Bondholder may notify to the Issuer from time to time), details of which appear on the Register of Bondholders at the close of business on the second Business Day before the due date for payment, and a Bondholder's registered address means its address appearing on the Register of Bondholders at that time (the **Registered Account**).

9.3 Fiscal Laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

9.4 Payment Initiation

Where payment is to be made by transfer to the Registered Account, payment instructions (for value on the due date or, if that is not a Business Day, for value on the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque (for value on the due date) will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the date prior to the due date for payment (or, if it is not a Business Day, the immediately following Business Day) or, in the case of a payment of principal, if later, on the Business Day on which the relevant Bond Certificate is surrendered at the Designated Office.

9.5 Default Interest and Delay in Payment

- (a) If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 5 per cent. per annum from the due date and ending on the date on which full payment is made to the Bondholders in accordance with the Conditions. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

- (b) Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if such delay is caused solely because the due date is not a Business Day, if the Bondholders are late in surrendering its Bond Certificate (if required to do so) or if cheques mailed in accordance with this Condition 9 arrives after the due date for payment.
- (c) If an amount which is due on the Bonds is not paid in full, the Issuer will annotate the Register of Bondholders with a record of the amount (if any) in fact paid.

10. REDEMPTION AND CANCELLATION

10.1 Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at an amount of its Principal Amount on the Maturity Date. The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 10.2 below.

10.2 Redemption on Delisting

- (a) In the event that the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (a ***Delisting***) each Bondholder shall have the right (the ***Delisting Put Right***), at such Bondholder's option, to require the Issuer to redeem, in whole but not in part only, such Bondholder's Bonds on the twentieth Business Day after a Delisting Put Notice has been given to the Bondholders by the Issuer under Condition 10.2(d) below (the ***Delisting Put Date***) at the Principal Amount outstanding under the Bond which remain unpaid on the Delisting Put Date (the ***Delisting Put Price***).
- (b) To exercise its Delisting Put Right to require the Issuer to redeem its Bonds, the Bondholder must complete, sign and deposit at the Designated Office a duly completed and signed irrevocable notice of redemption, in the form for the time being current, obtainable during normal office hours from the Designated Office (a ***Delisting Put Exercise Notice***) together with the Bond Certificate evidencing the Bonds to be redeemed, on any Business Day prior to the close of business at the location of the Designated Office on such day and which day is not less than 10 Business Days prior to the Delisting Put Date.
- (c) A Delisting Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Delisting Put Exercise Notices delivered as aforesaid on the Delisting Put Date.
- (d) Not later than seven days after becoming aware of a Delisting, the Issuer shall procure that notice regarding the Delisting Put Right (***Delisting Put Notice***) shall be given to the Bondholders (in accordance with Condition 16) stating:
 - (i) the Delisting Put Date;
 - (ii) the date of such Delisting and, briefly, the events causing such Delisting;
 - (iii) the date by which the Delisting Put Exercise Notice must be given;
 - (iv) the Delisting Put Price and the method by which such amount will be paid;

- (v) the then current Conversion Price;
- (vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Put Right or Conversion Right; and
- (vii) that a Delisting Put Exercise Notice, once validly given, may not be withdrawn.

10.3 Cancellation

All Bonds which are purchased, redeemed or converted by the Issuer or any of its Subsidiaries, will forthwith be cancelled and such Bonds may not be reissued or resold.

10.4 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 10 will be given in accordance with Condition 16, and without prejudice to the other content requirements set out in this Condition 10, specify the Conversion Price as at the date of the relevant notice, the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, the applicable redemption amount, the date for redemption, the manner in which redemption will be effected and the aggregate Principal Amount of the Outstanding Bonds as at the latest practicable date prior to the publication of the notice.

11. TAXATION

11.1 Gross-Up

- (a) All payments, whether of principal, premium or otherwise made by the Issuer will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong, the PRC, the Cayman Islands or the jurisdiction of the Alternative Stock Exchange 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 as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required.

12. MEETINGS OF BONDHOLDERS AND MODIFICATIONS

12.1 Meetings

- (a) Schedule 4 to these Conditions contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of the Bonds (subject to Condition 12.2 below) and the sanctioning by Ordinary Resolution of any matter requiring their approval pursuant to these Conditions. When there is only one Bondholder, no meetings are required and any resolution of the Bondholder can be passed by written resolution in accordance with paragraph 20 of Schedule 4.

- (b) A Special Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. Schedule 4 provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate Principal Amount of the Outstanding Bonds shall be as valid and effective as a duly passed Special Resolution.

12.2 Modification

The Issuer may without any such meeting or sanction of the Bondholders, amend the terms of Bonds if, in the reasonable opinion of the Issuer, having consulted with its financial adviser, legal adviser or auditor, such amendment is of a minor or technical nature or corrects a manifest error. Any such amendment will be binding on the Bondholders.

12.3 Form of Modification

Any modification to the terms of the Bonds, whether pursuant to Condition 12.1 or 12.2, shall be effected by way of deed poll executed by the Issuer. A copy of such deed poll will be sent by the Issuer to the Bondholders in accordance with Condition 16 as soon as practicable thereafter.

13. VOTING AND OTHER RIGHTS

The Bondholders will not be entitled to receive notice of or attend or vote at general meetings of the Issuer by reason only of being the holders of a Bond. The Bondholders will not be entitled to participate in any distribution and/or offers of further securities made by the Issuer by reason only of being the holders of the Bonds.

14. REPLACEMENT OF BOND CERTIFICATES

If any Bond Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Designated Office upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued.

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (other than the date of issue) and so that such further issue shall be consolidated and form a single series with the Bonds.

16. NOTICES

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register of Bondholders. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed to the Bondholders, as the case may be.

17. GOVERNING LAW AND JURISDICTION

17.1 This Instrument, as to which time shall be of the essence, is governed by and shall be construed in accordance with Hong Kong law.

17.2 All disputes arising out of or in connection with this Instrument shall be submitted to the Hong Kong International Arbitration Centre and shall be finally settled and resolved under the Hong Kong International Arbitration Centre Administered Arbitration Rules by three arbitrators appointed in accordance with the said rules. The place of arbitration shall be Hong Kong and the language to be used in the arbitral proceedings shall be English. Nothing in this clause shall prevent any party at any time seeking any interim or interlocutory relief in aid of any arbitration or in connection with enforcement proceedings.

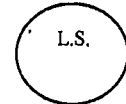
18. OTHERS

18.1 A person who is not a party to this Instrument has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any term of this Instrument.

[Execution Page to Follow]

AS WITNESS whereof the Issuer has caused its Common Seal to be affixed hereto the day and year first above written.

EXECUTED and DELIVERED)
AS A DEED by)
Hospital Corporation of China Limited)
(弘和仁愛醫療集團有限公司))
in the presence of:-)



Lin Sheng
(Director)



Name of witness: 刘尊浩

Address: 北京市西城区广安门南路2号融科资讯中心C座6层

SCHEDULE 1
FORM OF BOND CERTIFICATE

Amount	Certificate No.
HK\$[]	[]
	Identifying nos.: [•]

Hospital Corporation of China Limited
(弘和仁愛醫療集團有限公司)
(a company incorporated in the Cayman Islands with limited liability)

HK\$1 Denominated
Convertible Bonds due [•], 2023 (the *Bonds*)

The Bond or Bonds in respect of which this Certificate is issued, the identifying numbers of which are noted above, are in registered form and form part of a series designated as above of Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司) (the ***Issuer***) and are constituted by a bond instrument dated [•] (the ***Bond Instrument***). The Bonds are subject to, and have the benefit of, that Bond Instrument and the terms and conditions set out therein.

The Issuer hereby certifies that

[Name of bondholder] of []

is, at the date hereof, entered in the Issuer's register of Bondholders as the holder of the Bonds in the principal amount of HK\$[] (Hong Kong dollars [] Only). For value received, the Issuer by such entry promises to pay the person who appears at the relevant time on the register of Bondholders as holder of the Bonds in respect of which this Certificate is issued such amount or amounts as shall become due in respect of such Bonds in accordance with the terms and conditions set out in the Bond Instrument and each of the Issuer and the Bondholder mentioned above agree to comply with the terms and conditions of the Bond Instrument.

The Bonds in respect of which this Certificate is issued are convertible into ordinary shares with a par value of HK\$[0.001] each of the Issuer in accordance with and subject to the terms and conditions of the Bond Instrument.

This Certificate is evidence of entitlement only. Title to the Bonds passes only on due registration in the register of Bondholders and only the duly registered holder is entitled to payments on the Bonds in respect of which this Certificate is issued.

This Certificate is governed by, and shall be construed in accordance with, the laws of Hong Kong.

IN WITNESS whereof the Issuer has executed this Certificate as a deed on [].

EXECUTED and DELIVERED)
AS A DEED by)
Hospital Corporation of China)
Limited (弘和仁愛醫療集團有限公司))
in the presence of:-)

.....
(Director)

.....
Name of witness:
Address:

SCHEDULE 2
FORM OF TRANSFER

Hospital Corporation of China Limited (the *Issuer*)
(弘和仁愛醫療集團有限公司)

HK\$1 Denominated
Convertible Bonds due [•], 2023 (the *Bonds*)

TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned hereby transfers to

Name:

Address:

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

HK\$[•] (Hong Kong Dollar []) (translated from RMB at the fixed exchange rate of RMB[•] to HK\$1) principal amount of the Bonds in respect of which the enclosed bond certificate is issued, and all rights in respect thereof.

All payments in respect of the Bonds hereby transferred are to be made (unless otherwise instructed by the transferee) to the following account or, if no account is specified, by cheque posted to the address above:

Name of bank:

HK\$ account number:

For the account of:

SIGNED BY)	SIGNATURE	_____
FOR AND ON BEHALF OF)		
[•])	NAME	_____

Dated:

Notes:

- (a) A representative of the holder of the Bonds should state the capacity in which he signs, e.g. executor.
- (b) The signature of the persons effecting a transfer shall conform to any list of duly authorised specimen signatures supplied to the Issuer by the registered holder or be certified by a notary public or in such other manner as the Issuer may require.
- (c) This form of transfer should be dated as of the date it is deposited with the Issuer.

SCHEDULE 3
FORM OF CONVERSION NOTICE

Hospital Corporation of China Limited
(弘和仁愛醫療集團有限公司)

(a company incorporated in the Cayman Islands with limited liability)

HK\$1 Denominated
Convertible Bonds due [•], 2023

CONVERSION NOTICE (the *Conversion Notice*)

(To be completed in duplicate)

(Please read the notes overleaf before completing this Notice.)

Name:.....

Date:.....

Address:.....

Signature:.....

To: Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司) (the **Issuer**)

I/We, by or on behalf of the holder or beneficial owner of the Bonds (the **Bonds**) specified below, hereby elect to convert such Bonds into ordinary shares of the Issuer (the **Shares**) in accordance with Condition 7 of the terms and conditions of the Bonds. Unless otherwise defined herein, capitalized terms used in this Conversion Notice shall have the same meanings as those defined in the convertible bond instrument executed by the Issuer on [•].

1. Total principal amount and certificate numbers of Bonds to be converted:

Total principal amount¹ :.....

Total number of Bonds:.....

Certificate numbers of Bonds:.....

¹ This must be, in respect of each exercise, an integral multiple of HK\$[10,000]

N.B. If necessary, the certificate numbers of Bonds attached need not be in consecutive serial number order.

2. Total number of Shares to be issued upon conversion of the Bonds:
3. Name(s), address(es) and signature(s) of person(s) in whose name(s) the Shares required to be delivered on conversion are to be registered:-

Name:.....

Address:.....

.....

.....

Signature:.....

4. I/We hereby request that the certificates for the Shares (or other securities) required to be delivered upon conversion be despatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

.....

.....

Manner of despatch (if other
than by ordinary mail):.....

5. I/We hereby request that any cash amount (or property) required to be delivered upon conversion be despatched by cheque (at my/our risk and expense if dispatched by other than ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

.....

.....

Manner of despatch (if other
than by ordinary mail):.....

6. The Bond Certificates representing the Bonds converted hereby accompany this Conversion Notice.

7. I/We hereby declare that all approvals, consents and authorisations (if any) required by the laws of to which I am / we are subject and to be obtained by me/us prior to the said conversion have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us.
8. The Issuer has notified the Bondholders that the Issuer's register of shareholders will be closed on the following dates:

.....

.....

Notes:

- (i) This Conversion Notice will be void unless the introductory details, Sections 1, 2, 3 and (if applicable) 4 are completed.
- (ii) Your attention is drawn to Condition 7.2 of the Bonds with respect to the conditions precedent which must be fulfilled before the Bonds specified above will be treated as effectively eligible for conversion.
- (iii) Despatch of share certificates or other securities, cash or property will be made at the risk and expense of the converting Bondholder is despatched other than by ordinary mail and the converting Bondholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, despatch in the manner specified.
- (iv) If an adjustment contemplated by the terms and conditions of the Bonds is required in respect of a conversion of Bonds where additional Shares are to be issued, certificates for the additional Shares deliverable pursuant to such adjustment (together with any other securities, property or cash) will be delivered or despatched in the same manner as the Shares, other securities, property and cash previously issued pursuant to the relevant Conversion Notice.

.....

For the Issuer's use only:-

- 1 (A) Bonds conversion identification reference:.....
- (B) Conversion Date:.....
- (C) Delivery Date:
- 2 (A) Aggregate Principal Amount of Bonds in respect of which Bond Certificates have been deposited for conversion:
- (B) Conversion Price on Conversion Date:.....
- (C) Number of Shares issuable:.....
(disregard fractions)

Note: The Issuer must complete items 1 and 2.

SCHEDULE 4

PROVISIONS FOR MEETINGS OF BONDHOLDERS

1. Proxies

A holder of a Bond may by an instrument in writing (a *form of proxy*) in the form available from the Designated Office signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Issuer not later than 48 hours before the time fixed for any meeting, appoint any person (a *proxy*) to act on his or its behalf in connection with any meeting or proposed meeting of Bondholders. A proxy need not be a Bondholder.

2. Representatives

A holder of a Bond which is a corporation may by delivering to the Issuer not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body in English authorise any person to act as its representative (a *representative*) in connection with any meeting or proposed meeting of Bondholders.

3. Duration of Appointment

A proxy or representative so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with any meeting or proposed meeting of Bondholders specified in such appointment, to be the holder of the Bonds to which such appointment relates and the holder of the Bond shall be deemed for such purposes not to be the holder.

4. Calling of Meetings

The Issuer may at any time convene a meeting of Bondholders. If the Issuer receives a written request by Bondholders holding at least 10 per cent. in Principal Amount of the Outstanding Bonds it shall as soon as reasonably practicable convene a meeting of Bondholders. Every meeting shall be held at a time and place approved by the directors of the Issuer.

5. Notice of Meetings

At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Bondholders to convene a meeting of Bondholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting, be given in the manner provided in the Conditions and shall specify the nature of the resolutions to be proposed and shall include a statement to the effect that the holders of Bonds may appoint proxies by executing and delivering a form of proxy in English to the Designated Office not later than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution in English of their directors or other governing body and by delivering an executed copy of such resolution to the Issuer not later than 48 hours before the time fixed for the meeting. The accidental omission to give notice to, or the non-receipt of notice by, any Bondholder shall not invalidate any resolution passed at any such meeting.

6. Chairman of Meetings

A person (who may, but need not, be a Bondholder) nominated in writing by the Issuer may act as chairman of a meeting but if no such nomination is made or if the person nominated is

not present within 15 minutes after the time fixed for the meeting the Bondholders present shall choose one of them to be chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

7. Quorum at Meetings

At a meeting two or more persons present in person holding Bonds or being proxies or representatives and holding or representing in the aggregate not less than 10 per cent. in Principal Amount of the Outstanding Bonds shall (except for the purpose of passing a Special Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted unless the requisite quorum be present at the commencement of business. The quorum at a meeting for passing a Special Resolution shall (subject as provided below) be two or more persons present in person holding Bonds or being proxies or representatives and holding or representing in the aggregate over 50 per cent. in Principal Amount of the Outstanding Bonds provided that the quorum at any meeting the business of which includes any of the matters specified in the proviso to paragraph 16 shall be two or more persons so present holding Bonds or being proxies or representatives and holding or representing in the aggregate not less than 66 per cent. in Principal Amount of the Outstanding Bonds.

8. Absence of Quorum

If within 15 minutes from the time fixed for a meeting a quorum is not present the meeting shall, if convened upon the requisition of Bondholders, be dissolved. In any other case it shall stand adjourned to such date, not less than 14 nor more than 42 days later, and to such place as the chairman may decide. At such adjourned meeting two or more persons present in person holding Bonds or being proxies or representatives (whatever the Principal Amount of the Bonds so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting provided that at any adjourned meeting at which is to be proposed a Special Resolution for the purpose of effecting any of the modifications specified in the proviso to paragraph 16 the quorum shall be two or more persons so present holding Bonds or being proxies or representatives and holding or representing in the aggregate not less than 33 per cent. in Principal Amount of the Outstanding Bonds.

9. Adjournment of Meetings

The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.

10. Notice of Adjourned Meetings

At least 10 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

11. Manner of Voting

Each question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Bondholder or

as a proxy or representative. Unless a poll is (before or on the declaration of the result of the show of hands) demanded at a meeting by the chairman, the Issuer or by one or more persons holding one or more Bonds or being proxies or representatives and holding or representing in the aggregate not less than two per cent. in Principal Amount of the Outstanding Bonds, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

12. Manner of Taking Poll

If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.

13. Time for Taking Poll

A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

14. Persons Entitled to Attend

The Issuer (through its representatives) and its financial and legal advisers may attend and speak at any meeting of Bondholders. No one else may attend or speak at a meeting of Bondholders unless he is the holder of a Bond or is a proxy or a representative.

15. Votes

On a poll every person who is so present shall have one vote in respect of each Bond produced or in respect of which he is a proxy or a representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

16. Powers of Meetings of Bondholders

A meeting of Bondholders shall, subject to the Conditions, in addition to the powers given above, have power exercisable by Special Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Issuer;
- (b) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds, or other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Bonds which shall be proposed by the Issuer;
- (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to a Special Resolution;

- (e) to give any authority, direction or sanction required to be given by Special Resolution;
- (f) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer on them any powers or discretions which the Bondholders could themselves exercise by Special Resolution; and
- (g) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Bonds,

provided that the special quorum provisions contained in the proviso to paragraph 7 and, in the case of an adjourned meeting, in the proviso to paragraph 8 shall apply for the purpose of making any modification to the provisions contained in the Bonds which would have the effect of:

- (i) modifying the Maturity Date or the due dates for any payment in respect of the Bonds; or
- (ii) reducing or cancelling the amount of principal or the rate of default interest payable in respect of the Bonds; or
- (iii) changing the currency of any payment in respect of the Bonds; or
- (iv) modifying or cancelling the Conversion Rights; or
- (v) modifying the provisions contained in this Schedule concerning the quorum required at a meeting of Bondholders or the majority required to pass a Special Resolution or sign a resolution in writing; or
- (vi) amending this proviso.

17. **Resolutions Binding on all Bondholders**

Any Special Resolutions or Ordinary Resolutions passed at a meeting of Bondholders duly convened and held in accordance with this Schedule and the Conditions shall be binding on all the Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.

18. **Special Resolution**

The expression *Special Resolution* means a resolution passed at a meeting of Bondholders duly convened and held in accordance with these provisions by a majority consisting of not less than three-quarters of the votes cast at such meeting.

19. **Ordinary Resolution**

The expression *Ordinary Resolution* means a resolution passed at a meeting of Bondholders duly convened and held in accordance with these provisions by a majority consisting of not less than half of the votes cast at such meeting.

20. **Written Resolution**

A resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in Principal Amount of the Outstanding Bonds who for the time being are entitled to receive notice of a meeting in accordance with these provisions shall for all purposes be as valid as a Special Resolution or an Ordinary Resolution passed at a meeting of Bondholders convened and held in accordance with these provisions. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Bondholders.

21. Minutes

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Bondholders, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.