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FANTASIA

Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1777)

**INSIDE INFORMATION
UPDATE ON THE PROPOSED TERMS FOR
THE RESTRUCTURING OF OFFSHORE DEBTS**

This announcement is made by Fantasia Holdings Group Co., Limited (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the previous announcements of the Company dated 13 January 2023, 30 November 2023, 2 January 2024, 1 February 2024, 29 February 2024, 15 March 2024, 1 April 2024, 15 April 2024, 21 April 2024, 24 April 2024 and 26 April 2024 (the “**Announcements**”) regarding the proposed restructuring (the “**Proposed Restructuring**”) of its offshore debts (the “**Offshore Debts**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those used in the Announcements.

THE PROPOSAL

Through 2023, the property sector continued to face a persistently challenging business environment, e.g., sales have continued to decline significantly, land acquisitions have slowed down and funding environment has remained tight. The downturn in the property sector, coupled with the continued erosion of confidence in the capital markets, further intensified the pressure on the Company’s business. Having considered the prevailing market conditions and the Company’s business performance and projected cash flow, and following detailed and constructive discussions with its offshore creditors, a viable plan has been mutually agreed upon with a number of major holders on the revised terms for the Restructuring (the “**Proposal**”).

The Proposal is expected to be implemented through a scheme of arrangement in Hong Kong and/or such other equivalent process in any jurisdiction in which it may be necessary to effect the Proposal (the “**Schemes**”).

The Proposal is summarised in the term sheet (the “**Term Sheet**”) (with sensitive information redacted) appended to this announcement.

Under the Proposal, the Company seeks to restructure:

- (1) the outstanding principal of the US\$ denominated senior notes in the aggregate amount of US\$4,018 million issued by the Company (the “**Existing Notes**”) (the particulars of which are set out in the section headed “Existing Notes” of the Term Sheet);
- (2) at the sole discretion of the Company, certain other offshore financial indebtedness of the Group (the “**Additional Existing Debt Instruments**”, together with the Existing Notes, the “**Existing Debt Instruments**”); and

- (3) all accrued and unpaid interest (except for any default interest or other special interests or fees) on the Existing Debt Instruments up to 31 December 2022 (together in aggregate, the “**Scheme Creditors’ Claims**”).

The Restructuring Consideration

Under the Proposal, the restructuring consideration (the “**Restructuring Consideration**”) for each person holding beneficial interests in the Offshore Debts (the “**Scheme Creditor**”) will comprise:

- (a) newly issued ordinary shares of the Company (the “**Scheme Creditor Shares**”) to be issued on the effective date of the Proposed Restructuring (the “**RED**”) in accordance with the Debt to Equity Swap (as defined in the paragraph headed “**The Debt to Equity Swap**” below), provided that such Scheme Creditor shall have the option to waive the receipt of the Scheme Creditor Shares to which it is entitled pursuant to the Debt to Equity Swap (the “**Opt-out Option**”), with such Scheme Creditor Shares being allocated to the other Scheme Creditors on a pro rata basis. The Company shall include and give effect to the Opt-out Option in the applicable scheme documents; and
- (b) new US\$ denominated senior notes (the “**New Notes**”) in the principal amount equal to the Scheme Creditors’ Claim of such Scheme Creditor, less any amount converted into Scheme Creditor Shares pursuant to the Debt to Equity Swap, to be issued on RED.

Controlling Shareholder’s Support

To support the Proposal, Ms. Zeng Jie, Baby (the “**Controlling Shareholder**”), the controlling shareholder of the Company, will inject or procure an injection of US\$6.0 million as shareholder loan (the “**New Shareholder Loan**”) into the Company to fund the fees and expenses of the Proposed Restructuring.

The New Shareholder Loan will be unsecured with no fixed maturity date and at reasonable interest rate (which will be within the range of 5% to 8% per annum), and will be subordinated to the Existing Notes and the New Notes, provided that interest may be paid on the New Shareholder Loan in cash only if the Company has paid in cash all cash interest due to the holders of the New Notes.

In addition, as additional security for the New Notes, the Controlling Shareholder will deposit Company shares it holds equal to 10% of the Company's total equity on or prior to the RED (the "**Escrow Shares**") into an independent escrow account outside of the PRC.

If the Company fails to (a) pay the cash portion of interest due for any interest period ending on or before 31 December 2027 or (b) repay the principal of Tranches A and B of the New Notes on the respective maturity dates (or extended maturity dates, if the original maturity dates are extended), all Escrow Shares will be transferred by the escrow agent to the holders of the New Notes, which will be deemed as full payment of all relevant cash portion of interest due during such interest period. For the avoidance of doubt, no event of default arising from or in connection with a non-payment of principal at maturity (or extended maturity, as applicable) shall be deemed to be cured or waived as a result of the receipt of any Escrow Shares by the holders of the New Notes.

The New Notes

As part of the Proposal, the Company will issue the New Notes, comprising eight tranches with an initial principal amount equal to: the Scheme Creditors' Claim less any amount converted into Scheme Creditor Shares pursuant to the Debt to Equity Swap. The New Notes will have maturity from 31 December 2026 to 30 June 2031, with cash interest ranging from 4.5% to 6.5% (or 5.5% to 7.5% if the interest is pay in kind). The Company shall have the option to extend the maturity of the first four tranches of the New Notes for one additional year, provided that a cash extension fee of 0.3% is paid. If maturity extension is elected, the interest rate of the extended tranche(s) of the New Notes shall increase by 2.0% during the extension period. Such New Notes will bear cash interest at the rates ranging from 6.5% to 7.25% (or 7.5% to 8.25% if the interest is pay in kind).

The interest on the New Notes shall be payable semi-annually in arrears. For the first three tranches of New Notes, the interest for the period between 31 December 2022 to 30 June 2025 will be payable entirely in kind. For the rest of the tranches of New Notes, the interest for the period between 31 December 2022 and 31 December 2026 will be payable entirely in kind.

Compromise of Existing Debt Instruments

On the RED, all outstanding Existing Debt Instruments shall be cancelled upon the issuance of the New Notes.

The Debt to Equity Swap

The Proposal will involve the exchange of part of the Scheme Creditors' Claim and the loans extended by the Controlling Shareholder into shares of the Company (the "**Debt to Equity Swap**").

Under the Proposal, an aggregate amount of US\$1.3 billion of the Scheme Creditors' Claim will be converted, on a pro rata basis to all Scheme Creditors, into the Scheme Creditor Shares. In addition, the Controlling Shareholder will exchange all outstanding shareholder loans (together with accrued interest, including default interest if any) made by companies controlled by the Controlling Shareholder to the Group up to 31 December 2022 (together, the "**Shareholder Loans**") into newly issued ordinary shares of the Company.

Upon completion of the Debt to Equity Swap, it is expected that the Controlling Shareholder will control approximately 40% of the total equity interest in the Company; and the holders of the Existing Debt Instruments will hold, in aggregate, approximately 45.2% of the total equity interest in the Company.

The consummation of the Debt to Equity Swap will be subject to, among others, compliance with the requirements of applicable laws and regulations and the Listing Rules, and the Stock Exchange granting approvals for the listing of and permission to deal in the new shares. Further information about the Debt to Equity Swap, including the number of shares to be issued and the issue price of such shares will be set out in the circular to be issued by the Company for the specific mandate to be sought from the shareholders on the issuance of new shares under the Debt to Equity Swap.

The New Notes will have a cash sweep mechanism from net onshore project disposal proceeds (the "**Net Disposal Proceeds**"). The Company has identified certain projects which it is looking to dispose of in the future. The Proposed Restructuring envisages that 40% of the net proceeds from those disposals will be applied for the cash sweep of the New Notes.

THE RSA

On 29 April 2024, the Company entered into a restructuring support agreement (the “**RSA**”) with the AHG, holding approximately 32% of the aggregate outstanding principal amount of the Existing Notes (as defined in the RSA).

Under the RSA, each participating creditor (the “**Participating Creditor**”) will, from the Effective Time (as defined in the RSA), use its beneficial interest (or, with respect to the Additional Debt Instruments, legal and beneficial interest) in the Existing Debt Instruments to approve and fully support the Proposed Restructuring and the schemes on the terms and subject to the conditions set out in the RSA.

The provisions include that each Participating Creditor undertakes, from the Effective Time (as defined in the RSA), not to sell, transfer or otherwise dispose of an interest in Participating Debt unless the transfer has been made in accordance with the transfer provisions of the RSA.

On and from the Effective Time among other things:

- (a) the Company undertakes to:
 - (i) perform all actions as are reasonably necessary in order to support, facilitate, implement or otherwise give effect to the Proposed Restructuring (provided that such action is consistent in all material respects with the Term Sheet) as soon as reasonably practicable;
 - (ii) implement the Proposed Restructuring and the Schemes in the manner envisaged by, and materially on the terms and conditions set out in, the RSA, and the Term Sheet; and
 - (iii) perform all actions as are reasonably necessary to procure that the effective dates of the Schemes occur and that the Proposed Restructuring is fully implemented on or before the Longstop Date (as defined in the RSA);
- (b) each Participating Creditor undertakes to:
 - (i) use all commercially reasonable endeavours in order to support, facilitate, implement or otherwise give effect to the Proposed Restructuring (provided that such action is consistent with the terms as set out in the Term Sheet);

- (ii) vote in favour of the Schemes in respect of the aggregate outstanding principal amount of all Participating Debt (as defined in the RSA) in which it holds a beneficial interest as principal at the record time by delivering, within any applicable time periods, any proxies, instructions, directions or consents in respect of all Participating Debt in which it holds a beneficial interest as principal; and
- (iii) not to object to the Schemes or any application to the relevant court in respect thereof or otherwise commence any proceedings to oppose or alter any restructuring document filed by the Company in connection with the confirmation of the Proposed Restructuring, except to the extent that such restructuring document is materially inconsistent with the terms as set out in the Term Sheet.

CONSENT FEE

The Company shall pay or procure the payment of a consent fee (the “**Consent Fee**”) in cash in an amount equal to 0.1% of the aggregate outstanding principal amount of the Eligible Participating Debt held by the Scheme Creditor in support of the Proposal as at the Consent Fee deadline (being 5:00 p.m. Hong Kong time on 21 May 2024) in accordance with the terms of the RSA.

ACCESSION TO THE RSA

Morrow Sodali Limited (“**Morrow Sodali**”) as the information agent (“**Information Agent**”) will be responsible for receipt and processing of Accession Letters, Participating Debt Notices and Transfer Notices (all as defined in the RSA), distribution of Accession Codes (as defined in the RSA) and overseeing evidence of holdings of the Participating Creditors in respect of the Existing Debt Instruments. The RSA (including the Term Sheet) will be available for access on the Transaction Website (as defined in the RSA) of Morrow Sodali from 29 April 2024 (Monday) with details below:

Transaction Website: <https://projects.morrowsodali.com/fantasia>

Accession Portal: <https://portal.morrowsodali.com/fantasia>

Creditors Not Acceded to the 2023 RSA

Persons holding a beneficial interest (or, with respect to the Additional Debt Instruments, legal and beneficial interest) as principal in the Existing Debt Instruments (or any fund or other entity advising or managing such person and that is acting on its behalf) who is not party to the restructuring support agreement dated 13 January 2023 (the “**2023 RSA**”) (including those who have incomplete forms), may accede to the RSA as an Additional Participating Creditor as defined in the RSA) by delivering to the Information Agent a validly completed and executed Accession Letter and Participating Debt Notice via the Accession Portal in respect of all of its Existing Debt Instruments (as applicable) (thereby making them Participating Debt for the purposes of the RSA).

Creditors Acceded to the 2023 RSA

Any Participating Creditor who has validly acceded to 2023 RSA by having validly completed and executed the Previous Accession Letter (as defined in the RSA) and the Previous Participating Debt Notice (as defined in the RSA) via the Accession Portal and wishes to be bound by the RSA, may amend its Previous Accession Letter and its Previous Participating Debt Notice via the Accession Portal to:

- (a) confirm that its accession to the 2023 RSA pursuant to its Previous Accession Letter and its Previous Participating Debt notice shall be deemed to be its accession to the RSA; and
- (b) confirm if there are any changes to its position in its Participating Debt since the date of the Previous Participating Debt Notice and, if applicable, update the latest position of its Participating Debt and provide updated evidence of its holdings.

For the avoidance of doubt, Participating Creditors who have validly acceded to the 2023 RSA are required to accede to the RSA to be eligible for the Consent Fee.

REQUEST FOR FURTHER INFORMATION

Any request from Scheme Creditors for further information about the Proposal can be directed to the Company's financial advisor, the AHG's financial advisor or the Information Agent:

Houlihan Lokey (China) Limited, *as Restructuring Financial Advisor to the Company*
Suites 1903-1907, Two International Finance Centre
8 Finance Street, Central, Hong Kong
Email: fantasia@HL.com

PJT Partners (HK) Limited, *as Restructuring Financial Advisor to the AHG*
Suites 3609-11, Two International Finance Centre
8 Finance Street, Central, Hong Kong
Email: projectsling@pjtpartners.com

Morrow Sodali Limited, *as Information Agent*
29/F, 28 Stanley Street, Central, Hong Kong
Email: fantasia@investor.morrowsodali.com
Attention: Debt Service Team

GENERAL

The Company believes that the Proposal represents a reasonable and realistic solution for the compromise of the Offshore Debts, having taken into account the expected conditions in the property market in China and the Company's cashflow position. The Company considers that implementation of the Proposal would allow the Company to comprehensively improve its capital structure, enable the Company to better manage its operations and deliver long-term value for its stakeholders (including its offshore creditors).

The Proposal is subject to acceptance by the Scheme Creditors and compliance with applicable laws and regulations and the Listing Rules, and may or may not proceed in its original form. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company. When in doubt, shareholders and other investors are advised to seek professional advice from their own professional or financial advisors.

Further announcement(s) will be made by the Company to inform shareholders and other investors of the Company of any material development on the Proposal as and when appropriate.

By order of the Board
Fantasia Holdings Group Co., Limited
CHENG Jianli
Chairman

Hong Kong, 29 April 2024

As at the date of this announcement, the executive directors of the Company are Ms. Cheng Jianli, Mr. Ke Kasheng, Mr. Timothy David Gildner and Mr. Lin Zhifeng; the non-executive directors of the Company are Ms. Zeng Jie, Baby and Mr. Su Boyu; and the independent non-executive directors of the Company are Mr. Guo Shaomu, Mr. Kwok Chi Shing and Mr. Ma Yu-heng.

Fantasia Holdings Group Co., Limited

Restructuring Term Sheet

Subject to Contract

*This term sheet (the “**Term Sheet**”) sets forth certain material terms and conditions in connection with the proposed restructuring (the “**Proposed Restructuring**”) of the Existing Notes (as defined below) and Additional Existing Indebtedness (as defined below) of Fantasia Holdings Group Co., Limited.*

This Term Sheet is a summary only and does not purport to be a comprehensive or exhaustive statement of the requirements of the parties or information relating to the Proposed Restructuring. For the avoidance of doubt, this Term Sheet is indicative only, does not constitute an offer or agreement to complete the Proposed Restructuring and is not legally binding. This Term Sheet remains subject to (among other things) contract and nothing herein shall amend any term of the Existing Debt Instruments (as defined below) or constitute a waiver of any right of any party thereunder. Should the discussions between the parties result in a decision to proceed with the Proposed Restructuring, the parties shall do so only pursuant to the terms of definitive agreements to be negotiated, executed and delivered in form and substance satisfactory to each party.

*This Term Sheet will be appended to a restructuring support agreement (the “**RSA**”), which will be binding on Participating Creditors who choose to accede to its terms. The RSA requires, inter alia, that Participating Creditors give undertakings to support the Proposed Restructuring. Capitalised terms used herein and not defined in this Term Sheet shall have the same meanings ascribed to them in the RSA.*

This Term Sheet does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States or any other jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Company and its management, as well as financial statements. No public offer of securities is to be made by the Company or any of the Subsidiary Guarantors (as defined below) in the United States.

This Term Sheet is not a prospectus for the purposes of Regulation (EU) 2017/1129, including as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020.

General Information	
Company	Fantasia Holdings Group Co., Limited, an exempted company incorporated in the Cayman Islands with limited liability
Group	The Company and its subsidiaries
Existing Notes	All of the following notes are governed by New York law, issued by the Company and unconditionally and irrevocably guaranteed (the “ Existing Guarantees ”) by the Subsidiary Guarantors (collectively, the “ Existing Notes ”):

	<ul style="list-style-type: none"> • The 7.375% senior notes due October 4, 2021 (the “Existing October 2021 Notes”) (ISIN: XS1498418224, common code: 149841822). As of the date of this Term Sheet, the aggregate principal amount of the Existing October 2021 Notes outstanding is US\$205,656,000; • The 6.95% senior notes due December 17, 2021 (the “Existing First December 2021 Notes”) (ISIN: XS2275739378, Common Code: 227573937). As of the date of this Term Sheet, the aggregate principal amount of the Existing First December 2021 Notes outstanding is US\$249,500,000; • The 15.0% senior notes due December 18, 2021 (the “Existing Second December 2021 Notes”) (ISIN: XS1924249680, Common Code: 192424968). As of the date of this Term Sheet, the aggregate principal amount of the Existing Second December 2021 Notes outstanding is US\$299,000,000; • The 14.5% senior notes due March 17, 2022 (the “Existing March 2022 Notes”) (ISIN: XS2321397734, common code: 232139773). As of the date of this Term Sheet, the aggregate principal amount of the Existing March 2022 Notes outstanding is US\$50,000,000; • The 11.75% senior notes due April 17, 2022 (the “Existing April 2022 Notes”) (ISIN: XS1982124239, Common Code: 198212423). As of the date of this Term Sheet, the aggregate principal amount of the Existing April 2022 Notes outstanding is US\$297,500,000; • The 7.95% senior notes due July 5, 2022 (the “Existing July 2022 Notes”) (ISIN: XS1640676885, common code: 164067688). As of the date of this Term Sheet, the aggregate principal amount of the Existing July 2022 Notes outstanding is US\$498,750,000; • The 12.25% senior notes due October 18, 2022 (the “Existing October 2022 Notes”) (ISIN: XS2030329358, Common Code: 203032935). As of the date of this Term Sheet, the aggregate principal amount of the Existing October 2022 Notes outstanding is US\$350,000,000; • The 10.875% senior notes due January 9, 2023 (the “Existing January 2023 Notes”) (ISIN: XS2100005771, Common Code: 210000577). As of the date of this Term Sheet, the aggregate principal amount of the Existing January 2023 Notes outstanding is US\$446,350,000; • The 11.875% senior notes due June 1, 2023 (the “Existing June 2023 Notes”) (ISIN: XS2181037230, Common Code: 218103723). As of the date of this Term Sheet, the aggregate
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	<p>principal amount of the Existing June 2023 Notes outstanding is US\$542,000,000;</p> <ul style="list-style-type: none"> • The 9.25% senior notes due July 28, 2023 (the “Existing July 2023 Notes”) (ISIN: XS2210790783, Common Code: 221079078). As of the date of this Term Sheet, the aggregate principal amount of the Existing July 2023 Notes outstanding is US\$343,500,000; • The 9.875% senior notes due October 19, 2023 (the “Existing October 2023 Notes”) (ISIN: XS2245488262, Common Code: 224548826). As of the date of this Term Sheet, the aggregate principal amount of the Existing October 2023 Notes outstanding is US\$304,500,000; • The 10.875% senior notes due March 2, 2024 (the “Existing March 2024 Notes”) (ISIN: XS2306557401, Common Code: 230655740). As of the date of this Term Sheet, the aggregate principal amount of the Existing March 2024 Notes outstanding is US\$231,600,000; and • The 14.5% senior notes due June 25, 2024 (the “Existing June 2024 Notes”) (ISIN: XS2355049797, common code: 235504979). As of the date of this Term Sheet, the aggregate principal amount of the Existing June 2024 Notes outstanding is US\$200,000,000.
Additional Existing Indebtedness	The Company may elect in its sole discretion that certain other offshore financial indebtedness of the Company or any subsidiary of the Company (“ Additional Existing Debt Instruments ”, and together with the Existing Notes, the “ Existing Debt Instruments ”) is also subject to the Proposed Restructuring.
Scheme Creditors (and each, a Scheme Creditor)	<p>The persons holding beneficial interests (or, with respect to Additional Existing Debt Instruments, legal and beneficial interests) as principal in any of the Existing Debt Instruments as at the Record Time.</p> <p>“Record Time” means the time designated by the Company for the determination of the claims of the Scheme Creditors for the purposes of voting at the meetings of the creditors of the Company whose claims against the Company are (or will be) the subject of the Schemes to vote on the Schemes convened pursuant to orders of the court(s) (and any adjournment of such meetings).</p>
Ad Hoc Group	The ad hoc group of holders of the Existing Notes or investment managers or investment advisors to certain holders of the Existing Notes as constituted from time to time who are advised by the Ad Hoc Group’s advisors and which members, as of the date of this Term Sheet, are listed in Schedule 1.

<p>Term Sheet Governing Law</p>	<p>This Term Sheet will be governed by, and construed in accordance with, the laws of Hong Kong.</p> <p>The courts of Hong Kong shall have exclusive jurisdiction to settle any disputes that may arise out of, or in connection with, this Term Sheet.</p>
<p>Proposed New Money</p>	
<p>New Money</p>	<p>Ms. Zeng Jie Baby (“Controlling Shareholder”) and/or other parties (as the case may be) shall, directly or indirectly, inject or procure an injection of US\$6,000,000 (“New Money”) as shareholder loan (“New Shareholder Loan”) into the Company to fund the Fees and Expenses, <i>provided</i> that (i) US\$3,000,000 of the New Money shall be paid into an independent escrow account outside the PRC (“New Money Escrow”) on the date on which the sealed copy of each order of the relevant Court sanctioning the Scheme(s) is filed with the applicable registrar of companies, which New Money shall be released from escrow to the Controlling Shareholder if RED does not occur on or prior to the Longstop Date, and (ii) the remaining US\$3,000,000 of the New Money shall be paid on or prior to the RED, <i>provided further</i> that all documents relating to the New Money Escrow shall be in form and substance reasonably satisfactory to the AHG.</p> <p>The New Shareholder Loan shall be unsecured with no fixed maturity date and at reasonable interest rate (which shall be within the range of 5% to 8% per annum), and shall be subordinated to the Existing Notes and the New Notes, provided that interest may be paid on the New Shareholder Loan in cash only if the Company has paid in cash all cash interest due to the holders of the New Notes.</p>
<p>Proposed Restructuring of the Existing Debt Instruments</p>	
<p>Proposed Restructuring</p>	<p>The Proposed Restructuring is expected to involve a compromise of all claims against (among others) the Company, the Subsidiary Guarantors and their respective subsidiaries, shareholders, officers, directors, advisors, representatives and office-holders under or in connection with the Existing Debt Instruments, the Existing Guarantees, the indentures governing the Existing Notes (the “Existing Notes Indentures”) and the finance documents governing the Additional Existing Debt Instruments in exchange for the Restructuring Consideration (as defined below) in accordance with the terms of the composite documents to be circulated by the Company to the Scheme Creditors in relation to the Schemes (which will include (among other things) an explanatory statement and the terms of the Schemes (the “Scheme Documents”)).</p> <p>The Company plans to implement the Proposed Restructuring through court sanctioned scheme(s) of arrangement, or parallel schemes of arrangement in Hong Kong, the Cayman Islands and/or other applicable jurisdictions (the “Schemes”). The Schemes will be governed by the law</p>

	of, and subject to the exclusive jurisdiction of the court of, the applicable jurisdiction of the court that will sanction the same.
Support for Restructuring	<p>Subject to the Limitations (as defined below) and the terms of the RSA, the Company and each Participating Creditor intend to, with respect to the Existing Debt Instruments:</p> <p>(a) assist, cooperate and take all steps as may be necessary or desirable to implement or consummate the Proposed Restructuring in a timely manner (including entering into the RSA to be negotiated, agreed, executed and delivered by the Company and each Original Participating Noteholder as soon as reasonably practicable, which is to be circulated to all holders of the Existing Debt Instruments);</p> <p>(b) not take, encourage, assist or support (or procure that any other person takes, encourages, assists or supports) any action which would, or would reasonably be expected to, breach or be inconsistent with this Term Sheet taken as a whole, or delay, impede or prevent the implementation or consummation of the Proposed Restructuring;</p> <p>(c) in the case of:</p> <ul style="list-style-type: none"> (i) the Company, procure that each member of the Group does the same in respect of (a) and (b) above; and (ii) each Participating Creditor, use reasonable endeavours to procure that any of its affiliates and/or funds which holds any Existing Debt Instrument does the same in respect of (a) and (b) above; <p>(d) not solicit, encourage, discuss, facilitate, consent to or enter into any proposal or transaction for the acquisition of or financial restructuring with respect to the Existing Debt Instruments other than the Proposed Restructuring;</p> <p>(e) in the case of each Participating Creditor, provide reasonable assistance to the Company or any subsidiary of the Company (in each case, at the Company’s cost) in defending against any adverse action taken by another creditor which may delay, impede or prevent the implementation or consummation of the Proposed Restructuring, including: (i) confirming that such Participating Creditor supports the Proposed Restructuring; and (ii) preparing and filing any submission or appearing at any court proceeding which is reasonably requested by the Company and is necessary or desirable to support, facilitate, implement, consummate or otherwise give effect to the Proposed Restructuring; and</p> <p>(f) negotiate and enter into a customary “Mutual Release Deed”, which will become binding and effective on the RED.</p>
Limitations	Nothing in this Term Sheet shall:

	<p>(a) require either the Company or any Participating Creditor (or any of their, and/or their respective managers' or investment advisors', respective affiliates or funds) to take any action which would breach any legal or regulatory requirement beyond their control or any order or direction of any relevant court or governmental body and which impediment cannot be avoided or removed by taking reasonable steps;</p> <p>(b) restrict, or attempt to restrict, any officer of the Company or its subsidiaries from complying with any legal or fiduciary duty or obligation to commence insolvency proceedings in respect of that entity;</p> <p>(c) require the Company or any Participating Creditor (or any of their, and/or their respective managers' or investment advisors', respective affiliates or funds) to make any payment or incur or take any action that would result in it incurring any out-of-pocket expense or other financial obligation (unless such payments, expenses and/or other obligations are prefunded by the Company in accordance with the RSA) or to incur any liability to any person other than as expressly set out in this Term Sheet; or</p> <p>(d) require the Company or any Participating Creditor (or any of their, and/or their respective managers' or investment advisors', respective affiliates or funds) to make any additional equity or debt financing available to any member of the Group other than as expressly set out in this Term Sheet.</p>
<p>Scheme Creditors' Claims</p>	<p>The sum of:</p> <p>(a) the outstanding principal amount of the Existing Notes held by the Scheme Creditors at the Record Time;</p> <p>(b) the outstanding principal amount of the Additional Existing Debt Instruments held by the Scheme Creditors at the Record Time; and</p> <p>(c) all accrued and unpaid interest (except for any default interest or other special interests or fees) on such Existing Debt Instruments up to December 31, 2022</p> <p>(together in aggregate, the "Scheme Creditors' Claims").</p> <p>On and from the RED, Scheme Creditors will release all claims against (among others) the Company, the Subsidiary Guarantors and their respective subsidiaries, shareholders, officers, directors, advisors, representatives and office-holders under or in connection with the Existing Debt Instruments, the Existing Guarantees, the Existing Notes Indentures and the finance documents governing the Additional Existing Debt Instruments in exchange for the Restructuring Consideration in accordance with the terms of the Scheme Documents.</p>

	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Notwithstanding the foregoing, the Controlling Shareholder shall legally and beneficially hold, directly or indirectly, approximately 40% of the total equity interest in the Company immediately after the Proposed Restructuring; and the holders of the Existing Debt Instruments (for the avoidance of doubt, excluding the Company or any of its Affiliates) shall hold, in aggregate, approximately 45.2% of the total equity interest in the Company immediately after the Proposed Restructuring, <i>provided</i> that the holders of the Existing Debt Instruments shall not enter into any agreements or arrangement which will result in such holders being regarded as “acting in concert” for the purposes of the Hong Kong Code on Takeovers and Mergers.</p> <p>The consummation of the Debt to Equity Swap will be subject to, among others, the applicable requirements of the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the Stock Exchange’s approvals for the listing of and permission to deal in the New Shares.</p>
<p>Restructuring Consideration</p>	<p>The Restructuring Consideration for each Scheme Creditor will comprise:</p> <p>(a) The Scheme Creditor Shares issued and allocated to such Scheme Creditor pursuant to the Debt to Equity Swap, <i>provided</i> that such Scheme Creditor shall have the option to waive the receipt of the Scheme Creditor Shares to which it is entitled pursuant to the Debt to Equity Swap (the “Opt-out Option”), with such Scheme Creditor Shares being allocated to the other Scheme Creditors on a <i>pro rata</i> basis. The Company shall include and give effect to the Opt-out Option in the applicable Scheme Documents; and</p> <p>(b) New Notes (pro-rated among the eight tranches of the New Notes) in an aggregate principal amount equal to the Scheme Creditors’ Claims of such Scheme Creditor, minus any amount converted into Scheme Creditor Shares pursuant to the Debt to Equity Swap, to be issued on the RED.</p>

<p>Conditions Precedent</p>	<p>Each of the following are to be steps on, or conditions precedent to, the RED:</p> <ul style="list-style-type: none"> (a) provision of the New Money to the Company to fund the Fees and Expenses; (b) the establishment of the Controlling Shareholder Shares Escrow (as defined below) and the deposit of the Escrow Shares (as defined below) by the Controlling Shareholder; (c) the delivery by the relevant members of the Group of corporate authorisations in respect of the Proposed Restructuring and their entry into the Scheme Documents to which they are a party; (d) the obtaining of all relevant regulatory approvals or other consents (including, without limitation, delivery of relevant court orders in respect of the Schemes, shareholders' approval in relation to the Debt to Equity Swap, and the Stock Exchange's approvals for the listing of and permission to deal in the New Shares); (e) the settlement in full of all Fees and Expenses and professional fees payable either before or at the time of the closing of any transaction in relation to the Existing Debt Instruments, under contracts or other arrangements entered into by the Company with financial or legal advisers or other professional parties for their services rendered in relation to the Proposed Restructuring; (f) the appointment of the AHG Director (as defined below), provided that the candidate(s) for such directorship has been nominated at least one month prior to the RED; (g) the receipt of approval in principle for the listing of any Interim Instruments (as defined below) and the New Notes; (h) compliance by the Company with the terms of this Term Sheet in all material aspects; and (i) the satisfaction of each of the other conditions precedent contained in the Scheme Documents.
<p>Restructuring Effective Date</p>	<p>The Restructuring Effective Date (the “RED”), shall occur as soon as reasonably practicable and within five Business Days of the Conditions Precedent being satisfied or waived, unless extended in accordance with the terms of the Scheme Documents.</p> <p>On the RED,</p> <ul style="list-style-type: none"> (a) New Shares shall have been issued by the Company in accordance with the terms of the Debt to Equity Swap, <i>provided</i> that, if such New Shares cannot be issued by the RED because the Company has not received approvals therefor from the Stock Exchange (despite having used its best efforts), (i) such other interim form of instruments (“Interim Instruments”) shall have

	<p>been issued by the Company to the Scheme Creditors, <i>provided</i> that, to the extent applicable, among other terms to be agreed between the Company and the Ad Hoc Group, the Interim Instruments shall (A) be quoted on Bloomberg; (B) have an ISIN; (C) be listed on the Singapore Exchange Securities Trading Limited (“SGX”) or another internationally recognised exchange; (D) be UCITS eligible and (E) not be subject to any lock-up or other transfer restrictions (other than those required under applicable securities laws); and (ii) the Company shall use its best efforts to procure all necessary approvals from the Stock Exchange for the issuance and listing of and permission to deal in the New Shares as soon as practicable thereafter, and in any event, no later than 12 months from the RED;</p> <p>(b) The New Notes shall be issued by the Company in accordance with the terms of the Scheme Documents; and</p> <p>(c) the Existing Debt Instruments shall be cancelled and the Existing Guarantees shall be terminated and released.</p>
<p>Fees and Expenses</p>	<p>Consent Fee: The Company shall pay or procure the payment of a consent fee in cash in an amount equal to 0.1% of the aggregate outstanding principal amount of the Eligible Participating Debt held by each Participating Creditor as at the Consent Fee Deadline in accordance with the terms of the RSA.</p> <p>AHG Work Fee: The AHG Work Fee is to be paid to the Ad Hoc Group in accordance with the terms set out in the fee letter to be entered into between the Ad Hoc Group and the Company.</p> <p>AHG Advisors Fee: All fees, costs and expenses incurred by each advisor of the Ad Hoc Group are to be paid to such advisor in accordance with the terms set out in the relevant fee letter(s) entered into between such advisor and the Company.</p> <p>The aggregate amount of Fees and Expenses, comprising the Consent Fee, the AHG Work Fee and the AHG Advisors Fee, shall be US\$21,000,000.</p>
<p>Compromise of Existing Debt Instruments</p>	<p>On the RED, all outstanding Existing Debt Instruments shall be cancelled upon the issuance of the New Notes.</p>
<p>██████████</p>	<p>The Company shall share and consult with either (i) if prior to the RED, the Ad Hoc Group, or (ii) if on or after the RED, the AHG Director (or if there is no AHG Director at such time, the INEDs) all proposals from third parties relating to the restructuring and/or settlement of certain debt owed to ██████████, and shall obtain (i) if prior to the RED, written approval from the Ad Hoc Group, or (ii) if on or after the RED, written approval from the AHG Director</p>

	<p>(or if there is no AHG Director at such time, at least a majority of the INEDs) prior to entering into any agreements relating to the restructuring and/or settlement of the [REDACTED], provided that the Ad Hoc Group holds at least 25% of the aggregate principal amount of the Existing Notes outstanding as of the date of the execution of such agreements, if such date is prior to the RED.</p> <p>Notwithstanding the foregoing, if any proposal referred above contains material non-public information (“Confidential Proposal”), the Company shall disclose such Confidential Proposal to the advisors of the Ad Hoc Group instead of the Ad Hoc Group, except with respect to any member of the Ad Hoc Group that has expressly agreed (in writing) to receive such Confidential Proposal.</p>
<p>Principal Terms of the New Notes</p> <p><i>Terms not defined herein have the meanings set forth in the indentures governing the New Notes (the “New Notes Indentures”), which shall largely follow the meanings given to them in the Existing Notes Indentures, it being understood and agreed that the terms of the New Notes Indentures other than those expressly specified below are subject to negotiation and may differ from those in the Existing Notes Indentures.</i></p>	
<p>Company</p>	<p>Fantasia Holdings Group Co., Limited, an exempted company incorporated in the Cayman Islands with limited liability</p>
<p>Original Issue Date</p>	<p>The RED</p>
<p>New Notes</p>	<p>The New Notes shall comprise eight tranches as follows, with an aggregate original principal amount equal to the Scheme Creditors’ Claims minus any amount converted into Scheme Creditor Shares pursuant to the Debt to Equity Swap (the “New Notes Aggregate Amount”):</p> <ol style="list-style-type: none"> 1. <u>Tranche A</u>: The original principal amount shall be US\$200.0 million; 2. <u>Tranche B</u>: The original principal amount shall be US\$200.0 million; 3. <u>Tranche C</u>: The original principal amount shall be US\$300.0 million; 4. <u>Tranche D</u>: The original principal amount shall be US\$400.0 million; 5. <u>Tranche E</u>: The original principal amount shall be US\$500.0 million; 6. <u>Tranche F</u>: The original principal amount shall be US\$500.0 million; 7. <u>Tranche G</u>: The original principal amount shall be 50% of the difference between the New Notes Aggregate Amount and the sum of the original principal amounts of Tranches A, B, C, D, E and F; and

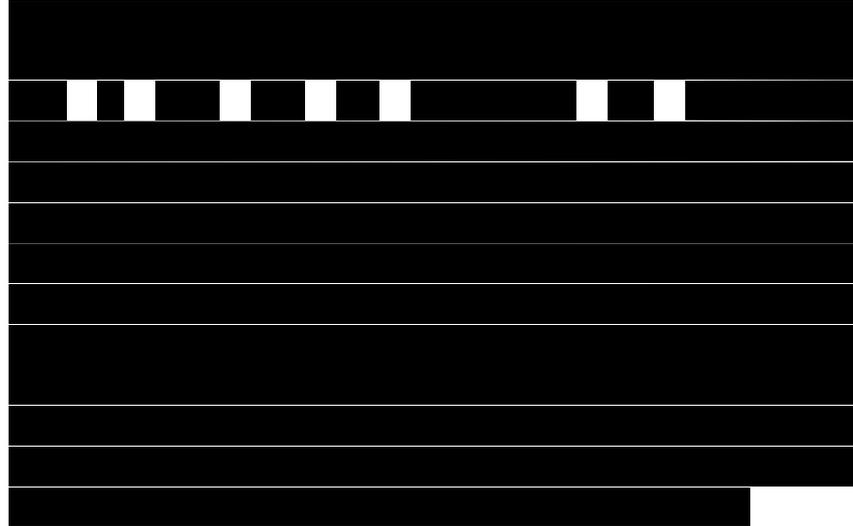
	<p>8. <u>Tranche H</u>: The original principal amount shall be the same as the original principal amount of Tranche G.</p>
Maturity	<ol style="list-style-type: none"> 1. <u>Tranche A</u>: December 31, 2026, <i>provided</i> that the Company may, at its sole discretion, extend the maturity date to December 31, 2027 by paying an extension fee equal to 0.3% of the principal amount of such series of notes outstanding as of 5 business days prior to December 31, 2026; 2. <u>Tranche B</u>: December 31, 2027, <i>provided</i> that the Company may, at its sole discretion, extend the maturity date to December 31, 2028 by paying an extension fee equal to 0.3% of the principal amount of such series of notes outstanding as of 5 business days prior to December 31, 2027; 3. <u>Tranche C</u>: December 31, 2028, <i>provided</i> that the Company may, at its sole discretion, extend the maturity date to December 31, 2029 by paying an extension fee equal to 0.3% of the principal amount of such series of notes outstanding as of 5 business days prior to December 31, 2028; 4. <u>Tranche D</u>: June 30, 2029, <i>provided</i> that the Company may, at its sole discretion, extend the maturity date to June 30, 2030 by paying an extension fee equal to 0.3% of the principal amount of such series of notes outstanding as of 5 business days prior to June 30, 2029; 5. <u>Tranche E</u>: December 31, 2029; 6. <u>Tranche F</u>: June 30, 2030; 7. <u>Tranche G</u>: December 31, 2030; and 8. <u>Tranche H</u>: June 30, 2031. <p>The outstanding principal amount of each tranche shall be repaid on maturity, together with any accrued but unpaid cash interest.</p>
Interest	<p>Interest on the outstanding principal amount of the New Notes shall accrue from December 31, 2022 at the following rates:</p> <ul style="list-style-type: none"> • Tranche A: 4.5% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 5.5% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind), <i>provided</i> that in the event that maturity is extended in accordance with the section entitled “Maturity” above, 6.5% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 7.5% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind) between the original maturity date and the extended maturity date; • Tranche B: 4.75% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 5.75% per

	<p>annum (if any portion of interest with respect to the relevant interest payment period is paid in kind), <i>provided</i> that in the event that maturity is extended in accordance with the section entitled “Maturity” above, 6.75% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 7.75% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind) between the original maturity date and the extended maturity date;</p> <ul style="list-style-type: none"> • Tranche C: 5.0% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 6.0% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind), <i>provided</i> that in the event that maturity is extended in accordance with the section entitled “Maturity” above, 7.0% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 8.0% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind) between the original maturity date and the extended maturity date; • Tranche D: 5.25% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 6.25% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind), <i>provided</i> that in the event that maturity is extended in accordance with the section entitled “Maturity” above, 7.25% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 8.25% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind) between the original maturity date and the extended maturity date; • Tranche E: 5.5% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 6.5% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind); • Tranche F: 5.75% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 6.75% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind); • Tranche G: 6.0% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 7.0% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind); and
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	<ul style="list-style-type: none"> • Tranche H: 6.5% per annum (if all interest with respect to the relevant interest payment period is paid in cash) or 7.5% per annum (if any portion of interest with respect to the relevant interest payment period is paid in kind). <p>Interest on the New Notes shall be payable semi-annually in arrears, in the following manner:</p> <ul style="list-style-type: none"> • With respect to Tranches A, B and C: <ul style="list-style-type: none"> ○ From December 31, 2022 to June 30, 2025: in kind only; ○ From July 1, 2025 to December 31, 2025: interest in an amount equal to at least 0.3% of the outstanding principal amount of each such tranche of the New Notes in cash, with the remaining portion of interest in cash or in kind, at the election of the Company; ○ From January 1, 2026 to December 31, 2026: interest in an amount equal to at least 0.5% per annum of the outstanding principal amount of each such tranche of the New Notes in cash, with the remaining portion of interest in cash or in kind, at the election of the Company; ○ From January 1, 2027 to December 31, 2027: interest in an amount equal to at least 4.0% per annum of the outstanding principal amount of each such tranche of the New Notes in cash, with the remaining portion of interest in cash or in kind, at the election of the Company; and ○ Starting from January 1, 2028 onwards: entirely in cash. • With respect to Tranches D, E, F, G and H: <ul style="list-style-type: none"> ○ From December 31, 2022 to December 31, 2026: in kind only; ○ From January 1, 2027 to December 31, 2027: interest in an amount equal to at least 4.0% per annum of the outstanding principal amount of each such tranche of the New Notes in cash, with the remaining portion of interest in cash or in kind, at the election of the Company; and ○ Starting from January 1, 2028 onwards: entirely in cash.
New Guarantees	Guarantees of the New Notes by the Subsidiary Guarantors.
Collateral	<ul style="list-style-type: none"> • The same collateral securing the Existing Notes; plus • Pledge over the Escrow Shares
Escrow of Controlling Shareholder Shares	The Controlling Shareholder shall deposit Company shares it holds equal to 10% of the Company’s total equity on or prior to the RED (the "Escrow Shares") into an independent escrow account outside of the PRC (“Controlling Shareholder Shares Escrow”).

	<p>All documents relating to the Controlling Shares Escrow shall be in form and substance reasonably satisfactory to the Ad Hoc Group.</p> <p>If the Company fails to (a) pay the cash portion of interest due for any interest period ending on or before December 31, 2027 or (b) repay the principal of Tranches A and B on the respective maturity dates (or extended maturity dates, if the original maturity dates are extended) (each a “Non-Payment Event”):</p> <ol style="list-style-type: none"> (1) Upon the occurrence of a Non-Payment Event (as confirmed by the trustee of the New Notes), all Escrow Shares be transferred by the escrow agent to the holders of the New Notes without further permission or instruction by the Company. (2) Any event of default arising from or in connection with a non-payment of cash interest due on any New Notes shall deemed to be cured and waived and all relevant cash portion of interest due during such interest period shall be deemed fully paid upon the receipt of the relevant Escrow Shares by holders of the New Notes. For the avoidance of doubt, no event of default arising from or in connection with a non-payment of principal at maturity (or extended maturity, as applicable) shall be deemed to be cured or waived as a result of the receipt of any Escrow Shares. <p>If no Non-Payment Event has occurred, upon payment of the cash portion of interest due for the interest period ending on December 31, 2027:</p> <ol style="list-style-type: none"> (1) the share pledge over the Escrow Shares shall be released; and (2) the Escrow Shares shall be transferred by the escrow agent to the Controlling Shareholder.
Information Rights	<p>The Company shall file with the Trustee and furnish to the Holders upon request, quarterly updates on the onshore restructuring progress, to the extent that such disclosure is not prohibited by applicable law or regulations or relevant judicial or governmental authorities or confidentiality provisions entered into in good faith (provided that if such disclosure would be so prohibited because it contains material non-public information, the Company shall publicly disclose promptly such material non-public information and file with the Trustee and furnish to the Holders upon request such quarterly updates), during the two year period after the Original Issue Date. To the extent such disclosure is filed with the Trustee, the Trustee shall, upon written request of any Holder or owner of book-entry interests in the New Notes, furnish such disclosure to such Holder or owner.</p>
Cash Sweep	<p>Upon consummation of the sale of any asset listed in Schedule 2 (“Specified Asset Sale”), an amount equal to 40% of the Net Consideration shall be used for the repayment and/or repurchase of the</p>

New Notes (the “Cash Sweep”). The Company shall consummate a Cash Sweep within 90 days after each Specified Asset Sale (subject to the proviso in the following paragraph). For the avoidance of doubt, any Specified Asset Sale consummated prior to the RED shall also be subject to the Cash Sweep.



At any time an amount equal to 40% of the Net Consideration of any Specified Asset Sale has not been used for the Cash Sweep, the Company shall be prohibited from (i) using the Net Consideration for any purpose other than those required by applicable laws, rules or regulations, government policies or implementation or other governmental measures; and (ii) making dividends and certain other types of Restricted Payments and Permitted Investments (each as defined in the New Notes Indentures) to be agreed between the Company and the Ad Hoc Group and included in the New Notes Indentures.

The Company shall consummate the sales of the assets listed in Schedule 2 as soon as commercially practicable.

All New Notes thus repurchased shall be cancelled as soon as reasonably practicable.

“**Net Consideration**” means, with respect to any Specified Asset Sale, the consideration of such Specified Asset Sale, net of:

- (1) brokerage commissions and other fees and expenses (including fees and expenses of professional parties) related to such Specified Asset Sale;
- (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Specified Asset Sale without regard to the consolidated results of operations of the Company and its subsidiaries, taken as a whole;
- (3) payments made to repay indebtedness or any other obligation outstanding at the time of such Specified Asset Sale that is owed to a Person other than the Company or an Affiliate of the

	<p>Company and 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</p> <p>(4) appropriate amounts to be provided by the Company or any subsidiary as a reserve against any liabilities associated with such Specified 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 Specified Asset Sale.</p> <p>The Company will use best efforts to provide a list of all financial indebtedness exceeding US\$1 million and other obligations exceeding US\$5 million as of December 31, 2023 that will be required to be paid as a result of Specified Asset Sales to the financial and legal advisors of the Ad Hoc Group by June 30, 2024, and in any event will provide such a list to the financial and legal advisors of the Ad Hoc Group by the earlier of (1) September 30, 2024, or (2) the convening hearing date of any Scheme.</p> <p>The Company undertakes, from the date of this Term Sheet to the RED, not to (i) secure or agree to secure any indebtedness or other obligation on any asset listed in Schedule 2 or (ii) pay or agree to pay any indebtedness or other obligation as a result of the sale of any asset listed in Schedule 2, unless such indebtedness or other obligation (and the security thereof or the payment thereof, as applicable) (i) is incurred (and, in the case of the security thereof, granted, and in the case of the payment thereof, agreed to) in good faith in connection with the construction or operation of such asset, or (ii) arises (A) by operation of law, rule or regulation or (B) despite the Company’s best efforts, from governmental policy or implementation or other governmental measure. The New Notes Indentures will contain a substantially similar covenant with respect to the period on and after the RED, subject to exceptions and carveouts to be agreed.</p>
<p>Colour Life Shares</p>	<p>As soon as reasonably practicable after the shares of Colour Life Services Group Co., Limited held by the Company (the “Colour Life Shares”) are no longer encumbered or in dispute [REDACTED], the Company shall deposit such Colour Life Shares into an offshore independent escrow account (“Colour Life Escrow”), <i>provided</i> that (a) all documents relating to Colour Life Escrow shall be in form and substance reasonably satisfactory to the Ad Hoc Group; and (b) the Company shall retain voting rights with respect to such Colour Life Shares and shall have full discretion over sale, transfer or other disposal of such Colour Life Shares.</p>

	<p>The Company shall use (i) dividends from the Colour Life Shares and (ii) Net Colour Life Share Consideration to repay, repurchase or redeem the New Notes, after deducting the following amounts:</p> <ul style="list-style-type: none"> (a) the Group’s offshore operating expenses, subject to a cap of US\$3,000,000 per fiscal year, (b) Fees and Expenses settled or to be settled on or prior to RED, subject to an aggregate cap of US\$3,000,000, and (c) any other reasonable fees and expenses incurred in connection with the maintenance of the Colour Life Escrow. <p>“Net Colour Life Share Consideration” means the consideration from disposal of the Colour Life Shares that is actually received by the Company, directly or indirectly, net of:</p> <ul style="list-style-type: none"> (a) fees and expenses (including fees and expenses of professional parties) incurred in connection with disposal of Colour Life Shares; and (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of disposal of Colour Life Shares without regard to the consolidated results of operations of the Group, taken as a whole.
<p>Governance</p>	<p>The members of the Ad Hoc Group collectively holding at least 25% of the aggregate principal amount of the Existing Notes outstanding as of the date of such nomination shall be entitled to nominate one non-executive director (who shall satisfy all Listing Rules requirements for such directorship and be subject to the duties of the directors at law and under the Listing Rules) (the “AHG Director”) to the board of the Company on or prior to the RED, subject to board approval. The Company shall use reasonable endeavours to procure the appointment of the individual nominated by the Ad Hoc Group as the AHG Director. The Company shall pay customary remuneration to the AHG Director.</p> <p>The Company will appoint or maintain an independent non-executive director that meets the independence requirements under the Listing Rules to chair the audit committee by the RED.</p> <p>So long as any of the New Notes remains outstanding, for as long as the Common Stock of the Company is listed on the Stock Exchange, the Company shall file with the Trustee and furnish to the Holders upon request:</p> <ul style="list-style-type: none"> (a) as soon as they are available, but in any event within 120 calendar days (or any longer period for the publication of audited annual financial statements of companies listed on the Main Board of the Stock Exchange as may be stipulated by the Stock Exchange) after the end of each fiscal year of the Company ending on or after December 31, 2022, copies of its financial

statements (on a consolidated basis and in English) in respect of such fiscal year (including a statement of income, balance sheet and cash flow statement for such fiscal year and the preceding fiscal year), prepared in accordance with generally accepted accounting principles (“GAAP”); and

- (b) as soon as they are available, but in any event within 90 calendar days (or any longer period for the publication of semi-annual financial statements of companies listed on the Main Board of the Stock Exchange as may be stipulated by the Stock Exchange) after the end of the second fiscal quarter of each fiscal year of the Company ending on or after December 31, 2023, copies of its financial statements (on a consolidated basis and in English) in respect of such semi-annual period (including a statement of income, balance sheet and cash flow statement for such semi-annual period and (i) for the statement of income and cash flow statement, the corresponding semi-annual period in the preceding fiscal year and (ii) for the balance sheet, as of the end of the preceding fiscal year), prepared in accordance with GAAP.

If the financial statements set forth in clauses (a) or (b) of the immediately preceding paragraph are not audited (in the case of clause (a)) or reviewed (in the case of clause (b)), the Company shall deliver an Officers’ Certificate accompanying such financial statements stating that such financial statements are true in all material respects and present fairly the Company’s financial position as of the end of, and the Company’s results of operations for, the relevant period. Notwithstanding the forgoing, failure to provide any such financial statements in accordance with clauses (a) and (b) of the immediately preceding paragraph shall not constitute an Event of Default if the relevant financial statements are filed with the Trustee and furnished to the Holders upon request within 90 days after the respective deadlines set forth in such clauses (a) and (b) above.

The Company shall, prior to or concurrently with providing any financial statements referred to in the immediately preceding two paragraphs to the Trustee and/or the Holders, publicly disclose such financial statements.

The three immediately preceding paragraphs are in addition to the covenants regarding the provision of financial statements and reports to be included in the New Notes Indentures, which shall be substantially similar to those in the Existing Notes Indentures.

To the extent any financial statements (and any accompanying audit or review report or Officer’s Certificate) are filed with the Trustee, the Trustee shall, upon written request of any Holder or owner of beneficial or book-entry interests in the New Notes, furnish such the same to such Holder or owner, *provided* that such request shall be made during normal

	business hours and satisfactory evidence of proof of such Holder’s or owner’s holdings shall be provided to the Trustee.
Auditor	<p>The Company will engage or continue to engage a Whitelist Auditor to audit its annual financial statements and review its semi-annual financial statements up to (and including) the audit of the fiscal year ending December 31, 2025.</p> <p>The “Whitelist Auditor” shall be any of the following auditors, or their respective affiliates or member firms:</p> <ul style="list-style-type: none"> ■ [REDACTED] <p>After the engagement of a Whitelist Auditor, it will be an Event of Default if there is any recast or restatement of financials audited or reviewed by any prior non-Whitelist Auditor (other than those resulting from changes in accounting policies or principles) that results in a change greater than those specified below for any of the following ratios:</p> <ul style="list-style-type: none"> (i) <u>Total Liabilities / Total Asset Ratio</u>: revised ratio under the recast or reinstatement is more than 7.5% higher than the ratio calculated using the financial statements audited or reviewed by any prior non-Whitelist Auditor; (ii) <u>Net Debt / Book Value Ratio</u>: revised ratio under the recast or reinstatement is more than 12.5% higher than the ratio calculated using the financial statements audited or reviewed by any prior non-Whitelist Auditor; or (iii) <u>Cash / Short-Term Debt Ratio</u>: revised ratio under the recast or reinstatement is more than 15% lower than the ratio calculated using the financial statements audited or reviewed by any prior non-Whitelist Auditor. <p>These ratios shall be calculated as follows:</p> <ul style="list-style-type: none"> (i) <u>Total Liabilities / Total Asset Ratio</u> = (total liabilities - contract liabilities) / (total asset - contract liabilities);

	<p>(ii) <u>Net Debt / Book Value Ratio</u> = (total interest bearing debt - cash and cash equivalents) / net asset; and</p> <p>(iii) <u>Cash / Short-Term Debt Ratio</u> = unrestricted cash / short-term interest bearing debt,</p> <p><i>provided</i> that line items used in the above calculations shall be consistent with the financial statements prepared in accordance with GAAP.</p>
Amendments with Consent of Holders	The amendment provision under the New Notes will be similar to those in the Existing Notes, except that any modification, amendment or waiver requiring the consent of each Holder affected thereby (as set out in Section 9.02 of the Existing Notes Indentures) shall be amended to require the consent of the Holders of not less than 75% in aggregate principal amount of the outstanding New Notes of the relevant tranche.
Transfer Restrictions	The New Notes and the New Guarantees will not be registered under the U.S. Securities Act of 1933, as amended (the “ Securities Act ”) or any securities law of any state or other jurisdiction of the United States, and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act (“ Regulation S ”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Notes will be offered and sold only (i) in offshore transactions outside the U.S. in reliance on Regulation S or (ii) pursuant to another exemption.
Form, Denomination and Registration	The New Notes will be issued only in fully registered form and will be initially represented by one or more global certificates. The minimum denomination will be US\$1 and integral multiples of US\$1 in excess thereof.
Listing	<p>Application will be made by the Company for the listing and quotation of the New Notes on the SGX.</p> <p>Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the New Shares.</p>
Governing Law	The New Notes, the New Guarantees and the New Notes Indentures will be governed by and will be construed in accordance with the laws of the State of New York.
Jurisdiction	U.S. federal and New York state courts located in the Borough of Manhattan, The City of New York are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the New Notes, the New Guarantees and the New Notes Indentures.

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